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DEPARTMENT OF COMMERCE

RESOLUTION

Simla, the 10th June 1926

No. 341-T. (9).—The Government of India have received an application from the Bombay Millowners' Association requesting that the Tariff Board, or some other Committee similarly constituted and with similar powers, may be directed to enquire into the causes of the present depression in the Bombay cotton textile industry and to suggest the measures which might be taken to restore it to prosperity.

2. The Government of India agree that this enquiry should be made, and consider that it should be held as soon as possible. The Tariff Board is, however, at present fully occupied with the statutory enquiry into the steel industry required by the Steel Industry (Protection) Act, 1924. The Government of India have, therefore, decided to appoint a second Tariff Board for the purpose of the enquiry into the cotton textile industry, with the following terms of reference :—

(1) to investigate the condition of the cotton textile industry in India, with special reference to the industry in Bombay and Ahmedabad ;

(2) to examine the causes of the depression in the industry and to report whether they are of a temporary or permanent character ;

(3) in particular, to consider whether, and if so to what extent, the depression is due to the competition of other countries in the home and export trade ;

(4) to report whether, having regard (i) to the fact that industry has long been firmly established in India, and (ii) to the interests of the consumer and to all other interests affected,

(a) the industry is in need of protection, and

(b) if so, in what form and for what period protection should be given ;

and

(5) to make any other recommendations that are germane to the subject.

3. The following gentlemen have agreed to serve on the Board :—

President

F. Noyce, Esquire, C.S.I., C.B.E., I.C.S.

Members

Rai Bahadur Pandit Hari Kishan Kaul, C.S.I., C.I.E.

N. S. Subba Rao, Esquire, M.A., Bar-at-Law, Principal and Professor of Economics, Maharaja's College, Mysore.

4. The headquarters of the Board will be at Bombay, but it will also visit such other places as it thinks necessary for the purpose of the enquiry. It will assemble at once and report to the Government of India at the earliest possible date. Commercial bodies, firms or persons interested in the enquiry should address their representations direct to the President, Tariff Board (Cotton Textile Industry Enquiry).

5. The Government of India trust that Local Governments and Administrations will afford the Board all the assistance which it may require and will comply with any request for information which may be addressed to them by it.

6. The appended correspondence is published for general information.

LETTER FROM THE SECRETARY, BOMBAY MILLOWNERS'
ASSOCIATION, BOMBAY, No. 388/32-C. of 1926,
DATED BOMBAY, THE 9TH MARCH 1926

In continuation of Mr. N. N. Wadia's letter of the 22nd February and as requested in your D.-O. No. 341-T. (9). I have the honour to submit for the consideration of the Honourable Member of the Commerce Department in the Government of India, a concise statement of my Committee's views in regard to the competition which India is at present meeting from Japan.

My Committee's views can be stated in a very few lines. They maintain that the Indian Cotton Textile Industry is suffering from unfair competition from Japan by reason of the fact that Japan has not carried out the International Labour Conventions regarding hours of work and weekly holidays, and the employment of women and young persons at night. In 1919, an International Labour Conference was held at Washington. The object of the Conference and the annual International Labour Conferences which have since taken place was the improvement of the conditions of labour for the working classes of countries, members of the League of Nations, by the institution of International Labour Code for the regulation of labour. One of the essentials for the successful inauguration and application of such Code is that the chief industrial nations of the world should put into operation the Conventions passed at these International Conferences for, unless this is done, those countries which put into operation any Conventions for improving labour conditions will be adversely affected when competing against countries which fail to improve thier labour conditions in the same manner.

By far the most important Conventions passed at these International Conferences are those relating two hours of work and the non-employment of women at night.

These two Conventions were passed at the Washington Conference in 1919. The Hours Convention lays down a sixty-hour working week for workers in India and a fifty-seven-hour working week for workers in Japan. The Convention relating to women's

employment lays down that women shall not be employed during the night in any public or private industrial undertaking. Japan and India were both represented at the Washington Conference and all the representatives of both the countries agreed to these two Conventions.

After the results of the Conference had been conveyed to them, the Government of India took immediate action, and the Factory Amendment Act of 1922 fulfilled India's obligations in respect of the two Conventions referred to above. Japan, on the other hand, has failed so far to carry out, these two Conventions and has apparently no intention of doing so till 31st August 1931 at the earliest (*vide* Appendix I to notes), with the result that her textile mills have an unfair advantage when competing against Indian textile mills owing to the fact that women are employed on night work, and working hours are longer than in Indian mills (*vide* monthly statistics issued by Japan Cotton Spinners' Association). Chiefly by reason of these unfair advantages, Japan has been able to place increased quantities of yarn and piece-goods in India and in Indian export markets at prices to compete against which, Indian mills have had to run at a loss. My Committee maintain that when the Government of India enforced these two Conventions, they thereupon took upon themselves the onus of seeing that Indian Industries should not be unfairly penalised owing to non-ratification by her Industrial competitors, and consider that immediate action should be taken to prevent the continuation of the advantages Japan at present enjoys.

Since it is not possible to take effective steps against Japan through the International Labour Office, owing to the Conventions not being of a mandatory nature, my Committee consider in the interests of Indian Labour and the Indian Textile industry, that additional duties should be imposed upon the imports of piece-goods and yarn from Japan into India until Japan prohibits the employment of women at night, and reduces the length of the working week per operative to conform with the Hours Convention.

The extra import duty which should be imposed on Japanese piece-goods and yarn, my Committee maintain, should be equivalent to the approximate saving in cost of production which Japanese mills enjoy owing to not having ratified these Conventions. This could be estimated by calculating the saving in cost of production which Indian mills would have obtained if run under the same conditions as regards hours of labour and night work for women. My Committee are fully aware that double shift working is ostensibly permissible in all countries, but if night work for women were prohibited in Japan, double shift working for the textile industry would be just as impossible there as it has proved in Bombay owing to the insufficiency of male labour. This fact is borne out by the statistics of the Japanese Master Cotton Spinners' Association which show that 80 per cent. of the total workers employed in the cotton mills of Japan are women. The true gain to the Japanese Cotton Industry by the employment of women at night

does not therefore only amount to the difference in the cost of female labour as against male labour on night work, but to the reduction in cost of production obtained by working double shifts as compared with single shifts.

My Committee suggest that for the specific purpose outlined in the preceding paragraph an *ad hoc* committee, including a proportion of Textile Experts, should be immediately appointed and asked to report without delay. If the Government of India are prepared to agree to this suggestion, this Association would be prepared to render every assistance in order to enable the Committee to arrive at accurate conclusions as to the extent of the extra import duty which should be imposed, provided any evidence they give is considered confidential.

Though for the past two or three years the textile industry of India has been very adversely affected owing to the depreciating value of the Yen, the appreciating value of the rupee and other reasons, my Committee do not, at the present juncture, wish to make any claim for general protection. They consider that if safeguarded from unfair competition, the Indian Textile Industry will at least be able to retain its home market.

Finally, my Committee wish to draw the attention of the Government of India to the difficult position of the cotton textile industry which is proved by the loss of five crores sustained by the Cotton Mills of Bombay City and Island in the last three years, and the need for early and effective action against Japan if the cotton industry of India is to survive the present crisis.

My Committee understand that the Honourable Sir Charles Innes will be in Bombay on the 1st April 1926, and they will be very pleased if he, and if possible, the Honourable Mr. Chadwick will kindly make it convenient to meet them in the afternoon on that day to discuss the points raised in this letter, and in the Commerce Department's reply.

LETTER TO THE SECRETARY, BOMBAY MILLOWNERS'
ASSOCIATION, BOMBAY, No. 341-T. (9), DATED
DELHI, THE 26TH MARCH 1926

I am directed to reply to your letter No. 333/32-C. of the 9th March 1926. This letter contains a concise statement of the views of your Committee in regard to the competition from Japan which the Indian Mill industry is now experiencing and the Government of India will endeavour to be equally concise in their reply.

2. Your Committee makes it clear that at present it does not think it necessary to make any request for what is called in your letter "general protection". But it considers that the competition from Japan is in some respects unfair. It considers it unfair because whereas India has ratified and carried into effect the Conventions adopted by the International Labour Office at the Washington Conference in 1919 concerning hours of work in industrial undertakings, the employment of women during the night and

the night work of young persons employed in industries, Japan, on the other hand, though its representatives at the Conference agreed to the above Conventions, has neither ratified them nor carried them into effect. The result is, in the opinion of your Committee, that Japanese Millowners have an unfair advantage over Millowners in India, and it is mainly owing to this unfair advantage that they have been able to increase the sale of Japanese yarn and cloth in India. The further point is made that the Government of India cannot disclaim responsibility for this state of things. "My Committee maintain" the letter states "that when the Government of India enforced these two Conventions, they took upon themselves the onus of seeing that Indian Industries should not be unfairly penalised owing to non-ratification by her industrial competitors, and consider that immediate steps should be taken to prevent the continuation of the advantages Japan at present enjoys". Your Committee therefore holds that it is incumbent on the Government of India to "safeguard the Indian textile industry from this unfair competition" and with this object in view it suggests—

(1) that so long as Japan does not carry into effect the Conventions mentioned above, Japanese yarn and piece-goods imported into India should be subjected to additional import duties ;

(2) that the amount of these additional duties should be roughly equivalent to the reduction in the cost of production which Indian mills would be able to secure if they also were enabled to work double shifts by employing women at night ; and

(3) that an *ad hoc* Committee should be appointed to determine, in the light of the above principle, what extra duties should be imposed.

3. The case as stated above clearly raises issues of grave importance. For the proposals which have been submitted for the consideration of the Government of India contemplate the imposition of differential duties on yarn and piece-goods imported from Japan. If therefore they were accepted, they would involve the denunciation by the Government of India of the Trade Convention with Japan of 1905. For under that Convention, Japanese goods enjoy on importation into India "the lowest customs duties applicable to similar products of any other foreign origin" and the same treatment is secured to Indian goods on importation into Japan. Your Committee will readily agree that it would be a most serious step to denounce the Convention, and if the Government have felt compelled to subject the reasons advanced in support of this step to the closest scrutiny, they are confident that your Committee will recognise that they have done so not in any contentious spirit, but merely because it is essential that in a matter of such importance, they should be sure of their ground.

4. I am first therefore to make it clear that the Government of India are unable to accept the implied assumption in your letter that by ratifying and carrying into effect the Conventions concerning hours of work, the employment of women at night and the night work of young persons, they placed at any rate the Bombay mill

industry in a worse position *vis-a-vis* Japan than it had been before. Government do not consider that this statement corresponds with the history of events. The Factories Act of 1911 prohibited the employment of males under 14 by night in all factories and it also prohibited the employment of women by night in all factories except cotton ginning and pressing factories. In consequence, the ratification of the two Conventions relating to the night work of women and the night work of young persons did not involve any amendment of those provisions of the Factories Act which regulate the conditions of employment in the Bombay Mills, and in fact no such amendment was made when the Act was revised in 1922. It is true that the ratification of the Convention concerning hours of work did necessitate an amendment of the Indian Factories Act in 1922. But that amendment did not alter the position for the mill industry of Bombay. For the Millowners had already reduced the hours of work from 12 to 10 before the Convention was ratified by the Government of India with the approval of the Legislature in 1921 and long before the Indian Factories Act was amended in 1922. In this connection, I am to remind you of the memorial submitted by your Committee to His Excellency the Viceroy in March 1920. In that memorial your Committee stated that one of the principal demands made by the Mill hands when they went on strike in January 1920 was a reduction of daily hours of work from 12 to 10. Your Committee said that it had agreed to the demand which it considered to be fair, and it went on to ask that a similar limitation should be enforced by law on textile mills in other parts of India. And while the Convention was cited in support of the prayer contained in your memorial, Government were urged to establish a ten hours' day in Indian factories on the ground that such a step would advance the interests of both capital and labour in India. The passing of the Factories Act of 1922 did not involve a reduction of the hours of work in the Bombay cotton mills, so that it is clear that the ratification of the three Conventions cited by your Committee did not effect any material alteration in the law applicable to employment in the cotton mills. It therefore follows that the basis for the case of your Committee, as it is stated in your letter, disappears.

5. This being so, the Government of India do not propose to comment at length on the implications of your argument that because the Government of Japan has not ratified the Conventions, the Government of India would be justified in imposing additional duties on yarn and piece-goods imported from Japan. But they must point out that there is no obligation on any Government to ratify a draft Convention adopted by a Conference of the International Labour Organisation, even though its representatives at the Conference may have agreed to the draft Convention. The whole basis of these Conferences is that merely draft Conventions are adopted. Under Article 405 of the Peace Treaty, each State which is a member of the International Labour Organisation undertakes to bring the draft Convention within one year before the competent authorities for the enactment of legislation or other action. If no legislation or other action to make a recommendation effective

follows, or if a draft Convention fails to obtain the consent of the competent authorities concerned, no further obligation rests on the State in question. In this connection, I am to refer you for a discussion of the whole question to Chapter II of the Report of the Commission on International Labour Legislation printed in Bulletin of Indian Industries and Labour No. 4, 1921. The suggestion of your Committee, therefore, involves the conclusion that the exercise by the Government of Japan of discretion expressly given to it in a treaty to which both Japan and India were parties should be regarded as justifying the Government of India in denouncing another treaty between the two countries. Your Committee will realise that when it is put in this form the conclusion is one which it is scarcely possible for the Government of India to accept and which, if it were adopted, might have far-reaching consequences.

6. For these reasons the Government of India regret that they cannot accept as valid the statement of the case contained in your letter, and they must make it quite clear that they are unable to agree to your Committee's proposal that the case for safeguarding duties (as opposed to 'general protection') should be accepted as established, and that a Committee should forthwith be appointed merely for the purpose of determining the amount of those duties. At the same time, the present difficulties of the Mill industry are a matter of much concern to the Government of India, and they are anxious to do what they can to assist the Millowners to find the right solution of those difficulties. Their position is that they recognise that the Mill industry especially in Bombay City has been passing through a period of depression. They recognise that the import of Japanese yarn and piece-goods has been increasing rapidly. They recognise that Japanese Millowners have an advantage over Indian Millowners in that they work double shifts, and they are willing to believe that the working of double shifts in Japan is facilitated by the fact that the employment of women at night is not prohibited. They are prepared to admit therefore that there is a *prima facie* case for enquiry. But they hold that the enquiry should be a comprehensive enquiry, and that the whole field should be opened to the body entrusted with it. For protection whether it be called protection or merely safeguarding, must enhance the price of cotton goods (which is still exceptionally high) for the Indian consumer, and the Government of India are unable to agree to any course that would have this result unless and until the necessity of that course is established by a comprehensive impartial enquiry. In their view, diagnosis must precede the prescription of remedies, and they are not yet satisfied that the present condition of the Mill industry in Bombay is solely due to competition from Japan.

7. Mr. Chadwick will have left for England before you receive this letter but I am to say that the Hon'ble Sir Charles Innes will be in Bombay from 1st to 4th April 1926, and will be pleased to arrange an interview with your Committee.

No. 341—T. (9)

A copy is forwarded to the Industries and Labour Department.

COPY OF LETTER NO. 817/102 OF 1926, DATED THE 19TH MAY 1926, FROM THE MILLOWNERS' ASSOCIATION, BOMBAY, TO THE HON'BLE SIR CHARLES INNES, K.C.S.I., C.I.E., I.C.S., MEMBER OF THE GOVERNMENT OF INDIA, DEPARTMENT OF COMMERCE, SIMLA.

Arising out of the representations made to the Government of India by this Association during the last two years, and as a direct result of the two conferences which took place on the 1st and 3rd April between yourself and the Committee of the Bombay Millowners' Association, I am instructed to request that the Government of India may be pleased to direct the Tariff Board or some other Committee similarly constituted, and with similar powers, to enquire into the causes of the present severe depression in the Bombay Cotton Textile Industry and to suggest the measures which might be taken to restore this important indigenous industry to prosperity.

2. In the Association's letter No. 1168/118, dated the 7th October 1925, the Government of India were urged to abolish the Excise Duty and it was further stated if after the abolition of the Excise Duty the Cotton Mill Industry found itself in need of protection against competition from countries which had ignored the Washington Conventions regarding hours of labour or which enjoyed indirect benefits owing to depreciated exchange or other circumstances, this Association might possibly ask for an enquiry.

3. The abolition of the Excise Duty has unfortunately been insufficient to offset the advantages enjoyed by other countries owing to depreciated exchange, inferior conditions of labour, double shift working, employment of women at night, indirect subsidies, etc., and the Association therefore request that Government will be pleased to institute an early and comprehensive enquiry as indicated in the first paragraph of this letter.

ORDER :—

ORDERED that a copy of the above Resolution be communicated to all local Governments and Administrations, all Departments of the Government of India, the Director General of Commercial Intelligence and Statistics, the Indian Trade Commissioner in London, the Secretary, Tariff Board, and the President and Members, Tariff Board (Cotton Textile Industry Enquiry).

ORDERED also that it be published in the *Gazette of India*.

(Signed) G. L. CORBETT,
Secretary to the Government of India.

PRESS COMMUNIQUÉ

In the Resolution of the Government of India, in the Department of Commerce, No. 341-T. (9), dated the 10th June 1926 a second Tariff Board was appointed for the purpose of enquiring into the present condition of the Cotton Textile Industry in India. The terms of reference were :—

- (1) To investigate the condition of the Cotton Textile Industry in India, with special reference to the industry in Bombay and Ahmedabad ;
- (2) To examine the causes of the depression in the industry and to report whether they are of a temporary or permanent character ;
- (3) In particular, to consider whether, and if so to what extent, the depression is due to the competition of other countries in the home and export trade ;
- (4) To report whether, having regard (i) to the fact that the industry has long been established in India and (ii) to the interests of the consumer and to all other interests affected—
 - (a) the industry is in need of protection, and
 - (b) if so, in what form and for what period protection should be given ; and
- (5) To make any other recommendations that are germane to the subject.

The Board has now received a representation from the Bombay Millowner's Association reviewing the causes which, in the opinion of the Association, have led to the present condition of the industry and putting forward the following proposals :—

- (1) The abolition of the duties on machinery and mill stores ;
- (2) The abolition of company super tax and the Bombay town duty of one rupee per bale ;
- (3) Reduction of railway freights from Bombay to the principal up-country markets ;
- (4) Negotiations with steamship companies for the reduction of shipping freights from Bombay to all export markets ;
- (5) The appointment of Trade Commissioners in various countries to assist India's export trade ;
- (6) The adoption of a scientific tariff which will protect goods manufactured in India from unfair competition from foreign countries.

The Association consider that, in order to place the cotton textile industry in India on an equality with foreign countries in respect of costs of manufacture, additional protection to the extent of 13 per cent. is required and that further protection to enable the mills to make the necessary allowances for depreciation to plant and machinery should also be given.

2. The Board will be glad to receive representations from these public bodies, firms and persons who desire to express their views on the subject matter of its enquiry.

The representation from the Bombay Millowners' Association and the Board's questionnaire have been printed in book form and copies can be obtained from the Board's office at the Bombay Town Hall, Provincial Government Book Depôts and authorised book-sellers.

3. Replies to the Board's questionnaire which should be addressed to the Secretary should reach the Board's office, Town Hall, Bombay, not later than the 21st of August 1926 together with 5 spare copies. Firms and persons who desire to tender oral evidence should inform the Secretary not later than the 15th of August. The Board's programme will be notified to the public from time to time and arrangements will be made for the examination of witnesses other than those from Bombay at the nearest convenient centre included in the Board's programme.

4. Some of those who desire to be heard may find it convenient to submit detailed answers to the questionnaire, while those who prefer to express their views in a more general form may find the questionnaire useful as indicating the points on which the Board desires to be informed. Some of the questions cannot be answered without local or technical knowledge and answers of firms and others with such knowledge will be of special value. Witnesses who desire any part of their evidence to be treated as confidential are requested to mark such part clearly.

Bombay, the 1st August 1926.

D. F. KEEGAN,
Secretary, Indian Tariff Board
(Cotton Textile Industry Enquiry).

QUESTIONNAIRE.

SECTION I

General

1. Do you consider that the present depression in the Cotton Textile Industry is confined to Bombay or that it also extends to Ahmedabad and to up-country centres generally? Does it affect all mills in the same centre alike?

2. To what extent do you consider the depression due to the operation of world factors, of factors special to India or of factors special to a particular locality in India?

3. Do you consider that the causes of the present depression in the industry are of a temporary or permanent character?

4. Do you consider that, unless the present margin between the price of raw cotton and the price of yarn and piece-goods increases any mills now working will be compelled to close down?

5. Do you consider that producers of yarn and piece-goods generally (a) in Bombay, (b) in Ahmedabad and (c) in up-country centres with which you are acquainted are at present realising no profit on their sales or selling at a loss?

6. What effect do you consider that a further fall in the price of raw cotton would have on the prosperity of the industry?

7. How far can the present depression in the industry be attributed to lack of confidence in the stability of the present level of prices of raw cotton, of yarn and of piece-goods?

8. How far do you consider that the depression in the industry can be attributed to the fact that the fall in the price of cloth has not corresponded with the fall in the price of cotton and that of other commodities?

9. Do you consider that there has been a fall in the purchasing power of the ryot since the war, and if so, to what extent has this fall in purchasing power contributed to the depression in the mill industry?

10. Do you agree with the view that, owing to the low prices of gold and silver, consumers prefer to invest their savings in the precious metals and to restrict their purchases of cloth to a minimum?

11. How far can the present depression in the industry be attributed to lack of organisation among the mill-owners generally or in any specified directions?

12. How far has the depression in the industry been reflected in the number of mills which have (a) changed hands, (b) closed down, (c) gone into liquidation since 1922 and in that of projected mills in which work has not been started or has been suspended since that date? If you are in a position to give information in regard to a particular mill falling under any of these heads please do so.

SECTION II

Nature and extent of competition between imported goods and those of Indian manufacture

13. How far do you consider that the present depression in the industry can be attributed to the loss of the Chinese market for yarn? How far do you consider that the heavy fall in the exports of yarn to China since 1917 can be attributed to foreign competition, to scarcity and dearness of freight, to the expansion of the weaving industry in India or to a combination of all these causes?

14. How far do you consider the present depression in the industry due to increasing competition both in regard to quantity and price of imported yarn and piece-goods (a) from Japan and (b) from other countries?

15. What counts of imported yarn and lines of imported piece-goods compete directly with the production of Indian mills?

16. Please give as complete a range of figures as you can covering as long a period as possible of prices *ex godown* Bombay or Calcutta of imported yarn and piece-goods which compete with yarn and piece-goods manufactured in India. The prices *ex mill* of the Indian manufactures with which the imported goods compete should also be given.

17. Do you consider that any yarns or piece-goods imported from Japan or other countries are placed on the Indian market at prices which would not cover their cost of production in India or at prices which are lower in India than those at which they are placed in other markets (excluding freight and duty)? If so, please furnish samples of such yarn or piece-goods if possible with particulars of prices. Can you furnish any evidence to show that such goods are placed on the Indian market at prices which after deducting freight and incidental expenses would not cover the cost of their production in the exporting country?

18. Do you consider that any yarns or piece-goods exported from Japan or other countries are placed on any foreign market at prices which are lower than the cost of production of similar Indian goods *plus* freight and import duty? To what extent, if any, has India lost foreign markets as a result of such competition?

19. The total imports of yarn of counts under 30s into India in 1924-25 were less than 1·3 per cent. of the production of Indian mills. In these circumstances do you regard the competition of imported yarn as a serious factor, and if so, why? Do you consider the percentage likely to increase?

20. It has been estimated that before the war not more than 3 per cent. of the imports of piece-goods from the United Kingdom competed directly with the production of Indian mills and that since the war the percentage has not been more than 1 per cent. Do you accept these figures? If not, please give your reasons.

21. It has been estimated that 70 per cent. of the imports of piece-goods from Japan compete directly with the production of

Indian mills. Do you accept this figure? If not, please give your reasons.

22. It has been estimated that 10 per cent. of the imports of piece-goods from countries other than the United Kingdom and Japan compete directly with the production of Indian mills. Do you accept this figure? If not, please give your reasons.

23. Do you consider the imports of piece-goods into India from the United Kingdom, Japan, Italy or any other country likely to increase, and if so, why?

24. To what extent do you consider that imported piece-goods from Japan compete with those (a) from the United Kingdom and (b) from other countries? Do you consider this competition likely to increase in the future?

25. To what extent do you consider that the competition of imported piece-goods from Japan with the production of Indian mills has been accentuated by the fall in the Japanese exchange? Please give figures in support of your view. Have you any criticisms to offer of the table given in paragraph 57 of the representation of the Bombay Millowners' Association and of the assumptions on which it is based?

26. To what extent do you consider that the competition of imported goods from countries other than Japan with the production of Indian mills has been accentuated by fluctuations in the exchange of the exporting countries? Please give figures in support of your view. Do you consider that the competition from foreign countries other than Japan is likely to increase in the future owing to the exchange factor?

27. To what extent do you consider that the competition of imported goods with the production of Indian mills has been accentuated by fluctuations in the sterling rate of the rupee? If the rupee is stabilised at 1s. 6d., what effect will it have on the industry?

28. To what extent do you consider that the competition of imported piece-goods with the production of Indian mills is facilitated by the difference between the conditions of labour in the exporting country and in India?

29. To what extent do you consider that the competition of imported piece-goods with the production of Indian mills is promoted by direct or indirect State assistance to the industry in the exporting country? Are you in a position to give any specific information on this point?

30. Do you consider that the competition of imported piece-goods with the production of Indian mills is in any way assisted by special facilities in the matter of credit obtained by the exporting houses in their own country or offered by them to buyers in India?

31. How far do you consider that the competition of imported piece-goods with the production of Indian mills is facilitated by greater attention paid by exporters to the requirements and preferences of Indian middlemen and consumers in regard to such matters as quality, finish and packing?

32. Has there been any marked change in the quality of piece-goods imported into India of recent years from Japan or any other country?

33. Can you give any specific instances in which any line of Indian yarn or piece-goods has been ousted from or seriously handicapped in the home or foreign market or any part of it by imports from Japan or any other country?

34. Do you consider that there are any signs of a growing preference on the part of Indian consumers for finer qualities of cloth than those ordinarily produced in Indian mills and that this preference is working to the disadvantage of Indian mills as compared with their competitors?

SECTION III

Internal competition

35. To what extent, if any, do you consider that the extension of mills and the establishment of new mills in up-country centres have affected the prosperity and future prospects of the industry (a) in Bombay and (b) in Ahmedabad?

36. What advantages, if any, do you consider that Bombay mills have over mills in Ahmedabad and up-country centres?

37. Can you give an estimate of the relative advantages that mills in (a) Ahmedabad and (b) any up-country centre with which you are acquainted have over mills in Bombay owing to (a) proximity to large up-country markets, (b) proximity to coal fields, (c) proximity to sources of supply of raw materials?

38. To what extent does the hand loom industry compete with the mill industry? Has there been any change in this respect of recent years?

39. Can you furnish any information as to the extent of the production of hand-spun yarn and hand loom piece-goods?

SECTION IV

Mill management

40. The British Safeguarding of Industries Act lays down *inter alia* that no order shall be made under Part I unless it is established that the industry manufacturing similar goods in the United Kingdom is being carried on "with reasonable efficiency and economy". Do you consider that this criterion is satisfied by the industry (a) in Bombay and Ahmedabad and (b) in India generally?

41. Please state your views in detail on the managing agency system. If you consider the system defective, please state in what way you regard it as defective. Do you consider any efficient substitute for the managing agency system possible?

42. Is the system of remuneration to managing agents by commission on profits or that by commission on production the more common? Which do you consider preferable?

43. In addition to remuneration by commission on production or on profits do managing agents also receive an allowance for office expenses and commission (a) on purchases of cotton, (b) on purchases of machinery, mill stores and coal, (c) on sales of cotton, (d) on sales of yarn and cloth and (e) on insurance, advertisement or other activities? Where the commission is on production does the agency agreement usually provide for a minimum commission irrespective of profits?

44. Is the association of managing agents with any other classes or kinds of business common and, if so, do you consider it is in any way detrimental to the interests of the industry?

SECTION V

Mill finance

45. To what extent can the present depression in the industry be attributed to the over-capitalisation or the under-capitalisation of the mills in Bombay, Ahmedabad and up country centres?

46. To what extent can the present depression in the industry be attributed to extensions of mills and replacements of machinery undertaken when prices were at their highest?

47. Do you consider that there was an unduly liberal distribution of profits by mills between 1917 and 1923? If so, please give figures in support of your view and state whether you consider that the present depression in the industry can to any extent be attributed to this cause.

48. Have you any criticisms to offer of the way in which mills have obtained their capital, i.e., of the way in which it is divided between (a) ordinary shares, (b) preference shares, (c) debentures, (d) loans, (e) reserve fund and (f) depreciation and other funds?

49. Have you any criticism to offer of the way in which mills obtain their working capital? To what extent is the system of obtaining this capital by means of short term loans from the general public prevalent (a) in Bombay, (b) in Ahmedabad and (c) in up-country centres? Do you consider this system a sound one?

50. How far is it the practice of the mills to invest funds in allied concerns? Do you consider this practice a sound one?

51. Do mills now experience greater difficulties in obtaining finance than in pre-war years? If so, to what extent has this contributed to the general depression in the industry?

52. Can you give any information as to the rate at which money is borrowed by the industry in India and in Japan?

SECTION VI.—COSTS OF PRODUCTION

(a) General

53. What size do you consider a mill with both spindles and looms should be in order to ensure the most efficient and economical

working? Can you give an approximate estimate of the capital required in pre-war conditions and at the present time to establish such a mill (a) in Bombay, (b) in Ahmedabad and (c) in up-country centres? Can you give an idea of the approximate cost per spindle of establishing such a mill in 1914 and 1926 respectively in India as compared with the United Kingdom and Japan?

54. Are mills generally (a) in Bombay, (b) Ahmedabad and (c) up-country centres of a size, type and lay-out conducive to economical working?

55. To what extent do you consider that the efficiency of Indian mills is hampered by the use of old machinery?

56. Please give for any mill in regard to which you are in a position to give such information a statement in the form attached as Appendix A of the costs of production in pies per pound for one pound of grey yarn of 20s counts and for one pound of standard grey calendered long cloth. For purposes of comparison the figures should be given for 1913, 1914, 1920, 1924 and 1925 (if available).

N.B.—The exact period covered, where this differs from the Calendar year should be stated. The counts of warp and weft used for and the reed and pick of the standard long cloth should also be stated.

57. In which of the elements making up the cost of production do you consider Indian mills are at a special disadvantage as compared with their competitors?

58. In which of the elements making up the cost of production are mills in Bombay at an advantage or disadvantage as compared with mills in Ahmedabad and up-country centres?

59. To what extent, if any, are the costs of production in Bombay as compared with those in Ahmedabad and up-country centres affected by the greater humidity of its climate? To what extent does the provision of humidifiers add to or lower the cost of production?

(b) *Raw material*

60. Please describe in detail the methods adopted by the mills in purchasing raw cotton (a) in Bombay and (b) in the cotton districts. Please state how these differ from those adopted in Lancashire and Japan.

61. How far do you consider that speculative purchases of (a) spot cotton and (b) cotton futures have contributed to the present depression in the industry? Can you suggest any method by which the element of speculation in such purchases could be reduced?

62. It has been frequently stated that the prices at which cotton is purchased by Indian mills are often higher than the prices paid for cotton for export. Do you consider this statement correct? If so, can you give any information as to the margin between the two prices? Can you suggest any reason why there should be such a margin or any means by which it can be avoided?

63. To what extent can the present depression in the industry be attributed to the purchase of cotton at prices higher than those now prevailing?

(c) *Labour*

64. The Bombay Millowners' Association hold that "the main factor which has contributed to the present increased cost of manufacture is the higher remuneration given to labour for a smaller unit of work as compared with pre-war years". Do you accept this view? How far does it also apply to Ahmedabad and up-country centres?

65. Do you consider that there was an unduly liberal distribution of bonuses to operatives between 1918 and 1923? If so, please give figures in support of your view and state whether you consider that the present depression in the industry can to any extent be attributed to this cause?

66. To what extent, if any, did (a) spinning and (b) weaving production suffer as a result of the reduction in the hours of labour in 1922? Please give comparative figures for 20s yarn and standard grey calendered long cloth before and after the reduction.

67. Please state for any mill with which you are acquainted:

(a) the number of spindles in the ring frames, the lift of spindle and number of ring spindles per competent spinner;

(b) the number of looms per competent weaver;

(c) the total operatives in the spinning department per 1,000 spindles up to and including reeling and the average counts spun;

(d) the total operatives in the weaving department per 100 looms for grey and coloured goods respectively.

Please explain in detail how you have arrived at your figures.

68. Please give the rates of wages paid in the spinning and weaving departments of any mill with which you are acquainted with particulars of any changes in these since 1914.

69. Please state the average spinner's wage per pound of 20s yarn and weaver's wage per pound of standard grey calendered long cloth produced for any mill with which you are acquainted.

70. To what extent do you consider the textile industry in India is hampered in comparison with its competitors by the inefficiency of Indian labour? How does the efficiency of labour in Bombay compare with that in Ahmedabad and in up-country centres?

71. What is the percentage of absenteeism (a) in Bombay, (b) in Ahmedabad and (c) in any up-country mill with which you are acquainted? How far does the percentage of absenteeism vary from day to day in the week and how far is the variation seasonal? Is the percentage larger amongst female than amongst male operatives? To what extent do you consider that absenteeism could be reduced by the grant of good attendance bonuses and other privileges? Are such bonuses commonly granted?

72. How far does the " budli " system affect the efficiency of labour ?

73. Can you furnish an estimate of the rate of labour turnover in the cotton textile industry (a) in Bombay, (b) in Ahmedabad and (c) in up-country centres ?

74. How far are mills in Ahmedabad and in up-country centres at an advantage or disadvantage over those in Bombay in regard to the continuity of labour supply ? To what extent do you consider that continuity could be secured by the grant of long service bonuses and the institution of provident funds ? Are such bonuses and provident funds common ?

75. To what extent do mills in Bombay, Ahmedabad and up-country centres house their labour and what return do they get on the capital invested in such housing ? Do you consider that improved housing conditions would result in any improvement in the efficiency of labour ? How far is it possible to secure such conditions in Bombay and Ahmedabad ?

76. What are the present facilities for technical education (a) for operatives, (b) for supervising staff ? To what extent is use made of these ? To what extent do you consider that the efficiency of labour could be improved by increasing them ?

77. The Bombay Millowners' Association express the view that wages in the cotton textile industry are higher than those generally prevalent in any other industry in India. Do you accept this view ? If so, please give facts in support of your opinion.

78. Has there been any marked change in the standard of living of operatives since the war.

79. Do you consider that there is any scope for a reduction in the labour costs in mills in India by the introduction of automatic looms or of other labour saving appliances ? Would any such reduction be more than counterbalanced by additional expenditure in other directions ?

80. Do you consider that there is any reasonable prospect of securing a reduction in labour costs in the near future by training operatives to tend more spindles or looms ? Has there been any improvement in this respect in recent years ?

81. Do you accept the figures given in paragraph 129 of the Bombay Millowners' representation in regard to the saving in the cost of cloth as a result of working double shifts ? Can you furnish an estimate of the saving that would be secured by double shift working for any mill with which you are acquainted.

82. Would it be possible or advisable to introduce double shift working in mills (a) in Bombay, (b) in Ahmedabad and (c) in up-country centres ?

83. To what extent, if any, has legislation in recent years affected the cost of production ? Please give full details under each head as far as possible.

(d) Overhead charges

84. The Bombay Millowners' Association in their representation have supplied full details of the local taxation imposed in Bombay. Please supply similar details for any up-country centre with which you are acquainted.

85. For what purposes is insurance effected by the Indian mills? Do you consider the present position in regard to the amount of insurance and the methods of effecting it satisfactory?

86. What do you consider the correct percentage which should be allowed for depreciation and how should the depreciation fund be utilised? Do you consider that depreciation should be reckoned as a charge on cost of production or as a charge on profits? How far does the ordinary mill practice coincide with your views on these points?

87. On what principle are the stocks of cotton, mill stores and manufactured goods held by Indian mills valued for purposes of balance sheets? Is there an independent valuation or are the auditors content with certificates from the managing agents?

88. Is the audit of mill accounts a running audit or an annual one?

(e) Sales

89. Please describe in detail the different systems adopted by the mills in selling their products. Which system you consider preferable and why? Can you give any figures in support of your views?

90. Is the system of sales on long credit prevalent? What are your views regarding it?

91. Please give full details of the additions which have to be made at the present time to the prices of Indian and imported yarns and piece-goods *ex* mill and *ex* godown respectively to make up their cost to the consumer. How do these compare with those ruling in 1913? Are they the same in all cases for Indian and imported goods?

92. Do dealers in piecegoods now experience greater difficulties in obtaining finance than in pre-war years? If so, to what extent has this contributed to the present depression in the industry?

(f) Transport

93. Please give as full particulars as you can of the freights on cotton from India to the United Kingdom, Japan and Italy and on cotton from America, Egypt and Uganda to the United Kingdom, Japan, Italy and India.

94. Please give as full particulars as you can of the freights on piece-goods from the United Kingdom, Italy and Japan to India.

95. Can you give any instances of discrimination between Bombay, Ahmedabad and up-country centres in the rates of railway freight charged for the carriage of raw cotton, yarn, piece-goods and mill stores inwards or outwards?

SECTION VII.—SUGGESTIONS AS TO REMEDIAL MEASURES

(a) Suggestions put forward by the Bombay Millowners' Association

96. Are you in favour of the proposal that the customs duty on machinery and mill stores should be abolished? What difference in pice per pound of yarn or cloth produced would this make to the cost of production of any mill with which you are acquainted?

97. What are your views on the proposal that the Company super tax should be abolished?

98. What are your views on the proposal that the town duty of Re. 1 per bale levied in Bombay should be abolished?

99. Can you suggest any improvements in the present railway facilities for the movement of cotton, yarn and piece goods?

100. Do you consider that any case can be made out for a reduction in the present rates of railway freight charged on cotton consumed by Indian mills and on piece goods and yarn manufactured in India?

101. What are your views on the suggestion that the Government of India should negotiate with the steamship companies with a view to reducing the shipping freights from Bombay to Madras, Calcutta, Singapore, Basra, Zanzibar, Mombasa, Port Said, the Levant and all other export markets? Can you give a comparative statement showing the present freights between Bombay and these ports and those which ruled before the war?

102. What are your views on the suggestion that the Government of India should appoint Trade Commissioners to assist the export trade?

103. Can you suggest any other measures by which (a) those overseas markets for Indian yarn which have been lost could be recovered, (b) the present overseas markets for Indian yarn and piece-goods could be extended and (c) new markets could be opened?

104. The Bombay Millowners' Association have suggested the imposition of an additional duty of at least 13 per cent. on yarn and piece-goods imported from foreign countries which compete unfairly with India. Are you in favour of the imposition of such a duty (a) on imports from Japan alone, (b) on all imports, (c) on yarn of certain counts and on cloth of certain qualities? If the last, please state the counts and qualities on which you consider the duty should be imposed.

105. If you are in favour of such a duty, do you consider that it should be imposed as a temporary or a permanent measure?

106. Do you consider that the imposition of the proposed protective duty would result in a temporary or permanent increase in the price of all yarn or cloth or only of the yarn and cloth on which the duty was imposed? In either case, to what extent would the increased price affect the cost of living of the middle and lower classes?

107. Do you consider, on the other hand, that the result of the imposition of the proposed additional duty would merely be such increase in sales as might result from the displacement of imported yarn and cloth?

108. Do you consider that the internal competition between Indian mills would operate to restrict the increase in the price of yarn and cloth throughout the whole of India or only in local areas?

109. Do you consider that an increased import duty should be levied even if it increases the prices of yarn and cloth to consumers?

110. Do you accept the view of the Bombay Millowners' Association that the raising of the import duties to 11 per cent. did not raise the price of cloth or check its consumption? If so, please give figures in support of your views.

111. Do you consider that an increase in the duty on imported yarn and cloth would act as a restriction on the consumption of yarn and cloth? If so, do you consider that this would be in the best interests of the mill industry in view of the fact that the figures in paragraph 121 of the representation of the Bombay Millowners' Association show that exclusive of the production of hand looms the cloth available for consumption in India in 1924-25 was still 638 million yards below the figures for 1913-14 in spite of the increase in population in the interim?

112. To what extent, if any, do you consider that the increase in the duty on imported yarn and cloth would, by diverting yarn and cloth from India, unfavourably affect the position of Indian yarn and cloth in overseas markets?

113. What do you consider would be the effect on the hand loom industry of the increase in the duty on imported yarn from 5 to 18 per cent.? In this connection, your special attention is drawn to the views expressed in paragraph 116 of the Fiscal Commission's Report.

114. The Bombay Millowners' Association have asked for the adoption of a scientific tariff by which presumably is meant the adoption of specific duties on yarn and cloth in lieu of *ad valorem* duties. What are your views on this suggestion and how would you propose that such a tariff should be framed (a) to maintain the protection given at its present level, (b) to achieve the objects desired by the Bombay Millowners' Association?

115. The Bombay Millowners have asked for additional protection beyond 13 per cent. to enable mills to make the necessary allowances for depreciation to plant and machinery. Do you support this proposal? If so, what additional protection do you consider would be required?

(b) *Other suggestions*

116. Are you in favour of an export duty on cotton? If so, at what figure would you place it? To what extent do you consider such a duty would affect (a) the income of cotton growers, (b) the

area under cotton, (c) the price of cotton in India and (d) the price of Indian cotton in overseas markets?

117. To what extent, if any, do you consider that the imposition of a duty on cotton at the rate you suggest would result in the replacement of Indian cotton in overseas markets by American or other cotton?

118. Can you suggest any improvements in the banking facilities at present available to the industry?

119. Do you consider that the position of the industry could be improved by better organisation of the millowners, *i.e.*, by greater co-operation between the mills in such matters as the purchase of cotton, machinery and mill stores, the state of the finished products, the standardisation of lines and prices or by any other combined action?

120. How far would progress in spinning finer counts, *i.e.*, counts above 30s in India affect the condition of the industry?

121. Do you consider that it would benefit the mill industry if different mills were to specialise to a greater extent than at present on certain counts of yarn or on certain types of cloth? Are mills at present equipped for specialisation?

122. Do you consider that the mill industry as a whole would benefit by extending its range of production and that, *e.g.*, the Bombay mill industry would benefit if it were to pay greater attention to the requirements of the Calcutta market?

123. Do you consider that greater attention should be paid by the Indian mills to bleached, dyed and printed goods, to the utilisation of waste and to subsidiary branches of production such as hosiery?

124. Do you consider that the full effect of the remission of the excise duty has yet been felt?

125. If there are any causes which, in your opinion, contribute to the depression in the industry other than those mentioned above, please state them with suggestions as to possible remedies.

126. Can you suggest any methods of assisting the industry other than those which have been referred to in the above questions?

SPECIAL QUESTIONS FOR THE BOMBAY MILLOWNERS' ASSOCIATION

1. In paragraph 130 of their representation, the Association have asked for the adoption of "a scientific tariff so that the goods which Indian mills can manufacture and supply to India shall not be open to unfair competition from foreign competitors. Please explain exactly what is meant by a scientific tariff and how the Association consider it should be framed to achieve the object they have in view.

2. In paragraph 131 of their report, the Association ask for protection in addition to the 13 per cent. proposed in that paragraph to enable mills to make the necessary allowances for depreciation to plant and machinery. What additional duty do the Association consider should be imposed for this purpose?

3. Please give an account of the working of the Millowners' Association Mutual Insurance Fund for workmen's compensation and state whether the Millowners' Association has under contemplation any similar scheme for fire and other insurances.

APPENDIX A

A. Cost of production of one pound of grey yarn

	Pies.	Percentage of total cost.
1. Cost of cotton required to manufacture 1 lb. of grey yarn.		
<i>Manufacturing charges</i>		
2. Cost of fuel and power		
3. Cost of water for power purposes		
4. Cost of water for all purposes other than power		
5. Cost of stores consumed		
6. Repairs and upkeep of machinery		
7. Wages to operatives inclusive of bonus and all allowances.		
8. Superior supervision		
<i>Overhead charges</i>		
9. Rates, taxes, licenses and fees		
10. Insurance		
11. Repairs and upkeep of buildings		
12. Depreciation		
13. Office expenses (a) at mill, (b) at registered offices of company.		
14. Brokerage and commission		
15. Schools, welfare work and dispensary		
16. Provident fund		
17. Miscellaneous expenses not otherwise specified		
Total cost		

B. Cost of production of one pound of standard grey calendered long cloth

	Pies per lb.	Percentage of total.
1. Cost of yarn used for manufacturing one pound of cloth...		
<i>Manufacturing charges</i>		
2. Cost of fuel and power		
3. Cost of water for power purposes		
4. Cost of water for all purposes other than power		
5. Cost of stores consumed		
6. Repairs and upkeep of machinery... ..		
7. Wages to operatives inclusive of bonus and all allowances.		
8. Superior supervision		
<i>Overhead charges</i>		
9. Rates, taxes, licenses and fees		
10. Insurance... ..		
11. Repairs and upkeep of buildings		
12. Depreciation		
13. Office expenses (a) at mill, (b) at registered offices of company.		
14. Brokerage and commission		
15. Schools, welfare work and dispensary		
16. Provident fund		
17. Miscellaneous expenses not otherwise specified		
Total cost		

THE MILLOWNERS' ASSOCIATION,
Bombay, 17th July 1926.

THE PRESIDENT,

THE TEXTILE INDUSTRY TARIFF BOARD.

SIR,

In a letter No. 817/102, dated 19th May 1926, addressed to the Hon'ble Sir Charles Innes, The Bombay Millowners' Association requested the Government of India to direct the Tariff Board or some other Committee similarly constituted, and with similar powers to enquire into the causes of the present severe depression in the Bombay Cotton Textile Industry and to suggest the measures which might be taken to restore this important indigenous industry to prosperity. In response to this application the Government of India were pleased to appoint a second Tariff Board for the purpose of enquiring into the cotton textile industry with the following terms of reference :—

(1) To investigate the condition of the cotton textile industry in India, with special reference to the industry in Bombay and Ahmedabad.

(2) To examine the causes of the depression in the industry and to report whether they are of a temporary or permanent character ;

(3) In particular to consider whether, and if so to what extent, the depression is due to the competition of other countries in the home and export trade ;

(4) To report whether, having regard (i) to the fact that the industry has long been firmly established in India and (ii) to the interests of the consumer and to all other interests affected,

(a) the industry is in need of protection, and

(b) if so in what form and for what period protection should be given ; and

(5) To make any other recommendations that are germane to the subject.

2. In order that the Board may be in a better position to appreciate the condition of the industry as it exists to-day, it is, in the opinion of this association, desirable to preface their case by a brief survey showing the growth of the industry since its establishment in Bombay in 1854, and setting forth the factors which have assisted or retarded its growth previous to the present time. This historical survey is followed by an examination of the existing condition of the industry which this association trust will help the Board in arriving at proper conclusions.

*Short historical summary of the Growth of the Bombay Cotton
Mill Industry*

3. It is a peculiar fact that even to-day nearly half the spindles and looms of India are located within the limits of the Island of Bombay, and more than two-thirds within the Presidency of Bombay. In the early days of the industry, the above-mentioned peculiarity was even more noticeable and even as recently as the year 1905, Bombay Island contained half of the spindles and looms working in India.

4. That the first few cotton mills located in India should be erected in Bombay is probably accounted for by the fact that Bombay, as one of the two most important ports in India, has always held a very large share of the import trade in yarn and piece-goods, and has been the chief exporting port for cotton since the fifties of the last century. The growing and profitable nature of the import trade in yarn and piece-goods naturally led the Indian merchants of the sixties to consider whether it would not be possible to build up an indigenous industry which would supply the needs of India in those classes of yarn and piece-goods which it was possible to produce from Indian cotton at a cheaper rate than similar goods produced in the United Kingdom.

5. In this aim it must be at once admitted that for a very great number of years, Indian manufacturers met with only a very small amount of success, if any, and even to-day, only a little more than half the power-loom woven piece-goods consumed in India are manufactured upon the power-looms of the country. For the first half century of its existence, the spinning side of the industry developed out of all proportion to the weaving section of the industry and this was very largely due to the fact that a vast and profitable export trade in yarn was built up with China. The home trade in yarn made some progress but so far as Bombay Island mills were concerned, the China trade in yarn was the controlling factor of its development until the late nineties and the essential reason for the erection of cotton mills in such large numbers in so confined an area.

6. It is an incontrovertible fact that the prosperity of the City of Bombay has been largely built up by the development of its mill industry, and it is indeed hardly feasible to conceive, in the near future at least, that Bombay can retain its prosperity and greatness, unless means are found to remove its premier industry from the throes of depression. For more than three years, in spite of the five successive good monsoons, the Bombay cotton mills have been losing money; the strong mills have become weaker and the weaker mills are getting into very serious position.

7. Although the industry has been in existence for more than sixty years there have been throughout its history, factors sapping its life-blood, the full effects of which were, on account of other adventitious circumstances, not always keenly felt at the time, but which contributed their quota towards crippling the industry, and to-day the industry is feeling the effects of the sum total of all these factors. The Bombay Millowners' Association maintain that it is the duty of the

Government of India to come to the assistance of the oldest and most important national industry in this time of difficulty; an industry which in the past has contributed a large proportion of the country's revenue and has found work directly and indirectly for millions of its inhabitants.

Development of the Industry

8. The first cotton mill (The Bombay Spinning and Weaving Company) commenced building in 1851 and was completed in 1854, but for a considerable period after this the industry developed very slowly from which it may be inferred that profits were not such as to attract the general public. Four years after the commencement of the Bombay Spinning and Weaving Company, a further mill, the Oriental Spinning and Weaving Company, was established, by Manockjee Nusserwanjee Petit, member of a family whose name is inseparably connected with the growth of the cotton mill industry in its early days. The success of this mill led his son Mr. Dinshaw Manockjee Petit, afterwards Sir Dinshaw Petit, to establish the Manockjee Petit Mills in 1860.

9. From 1860 to 1865, the growth of the mill industry in Bombay was rapid, its progress being materially helped by the accession of wealth which accrued to the Bombay commercial interests owing to the very high price that Indian cotton was sold at during the American Civil War, and which found a natural outlet in the promotion of industrial enterprises in the City and Island. Another factor which contributed to the growth of the industry was the beginning of an export trade in yarn with China.

10. At the beginning of 1865, Bombay had 10 mills containing 250,000 spindles and 3,400 looms from which it may be deduced that compared with spinning, the development of the weaving side of the industry had been comparatively slow.

11. During the years 1865 to 1871 the industry suffered a severe check to its prosperity during the financial crash which followed the close of the American Civil War. The crisis was particularly severe in the years 1865-66 but it was not until 1871 that the storm was really weathered.

12. That the mill industry weathered the financial crisis of 1865, demonstrated its essential stability, and in the early seventies after the restoration of credit the industry made rapid progress as may be instanced by the fact that between 1870 and 1875, at least seventeen new mills were started and in the latter year the number of spindles and looms had grown to 750,000 and 8,000 respectively.

13. In the seventies and eighties of the last century the Bombay mill industry made further progress owing to the profitable yarn trade with China. The industry, like any other great industry, no doubt experienced periods of depression owing to various circumstances. On the whole, however, the industry was able to show during these two decades satisfactory and favourable progress.

14. No assistance has ever been rendered by Government to the industry to foster its growth and development on sound and healthy lines. On the contrary, the Government has generally pursued a policy calculated to hamper the growth of the industry by introducing tariff legislation which was neither fair nor equitable and which was in the highest degree prejudicial to the best interests of the industry.

15. We need not here refer in detail to the agitation carried on by Lancashire in the seventies to get the import duty on cotton yarn and piece-goods abolished. This agitation proved unavailing so long as a just and strong man like Lord Northbrook was at the helm of affairs in India, but soon after the succession of Lord Lytton to the Viceroyalty, Lancashire achieved its first triumph in 1878, by getting exempted from import duty (1) unbleached T-cloth under 18 reed, jeans, domestics, sheetings and drills made from yarns not higher than 30s and (2) yarns of the qualities lower than 32s mule and 20s water.

16. There can be no doubt that the measure adopted by the Government of India in 1878 unduly favoured Lancashire at the expense of India for the vast bulk of Indian manufactures was much coarser than the limit laid down by Government for exempting imported goods from duty. The main effect of this measure, however, was that the Home manufacturers exported in larger quantities the coarse goods which were exempted from duty with ruinous effect on the immediate prospects of the indigenous industry. On this subject it would be perhaps best to quote from an official and authoritative publication—"The Statement of the Trade of British India"—for 1879-80.

"The effect of the duty, in fact, was not so much to encourage a general increase in trade as to induce manufacturers and importers to substitute goods of the coarser and duty-free kinds for the medium and finer qualities which had formerly, when all classes were alike subject to duty, formed the bulk of the trade. In this respect the results were much more decisive than was anticipated. It was of course expected that a certain proportion of the goods generally made of yarns ranging from 30s to 40s, would, in future, be made of yarns of 30s and under, so as to bring them within the limit of exemption. But what has actually occurred has been a complete revolution in the course of the trade in grey goods, the importations of the medium and finer classes having almost ceased since the issue of the notification."

It will be thus seen that the Government of India instead of rendering any assistance to the industry pursued at the dictates of Lancashire a policy, which, in effect, was calculated to hamper its growth and development. Eventually the import duties on cotton goods were totally abolished, in the face of the strongest opposition not only from the people of India, but also from higher officials like members of the Viceroy's Executive Council and of the India Council. It would not be perhaps out of place to reproduce here the following extract from the Statement of the Trade of British India for 1877-78 regarding the advantages

enjoyed by the Lancashire cotton industry in comparison with the industry in India :—

“An Indian mill costs more to set up than a mill in Lancashire the comparison as regards essential points being somewhat as follows :—

The prime cost of erection, including the spindles and fitting up, is about three times as great in India as in England. Thus, a mill in Lancashire containing 50,000 spindles is said to cost about £1 per spindle, or between £50,000 and £60,000; a mill of the same size in Bombay would cost about fifteen lakhs of Rs. (£150,000).

In the English mill the interest charges on capital (first cost) at 5 per cent. would not be more than from £2,500 to £3,000; in the Bombay mill the charge at 9 per cent. would be about £13,000.

In the English mill the interest on working capital would be 4 per cent., in the Indian mill $7\frac{1}{2}$ per cent.

In the English mill the wear and tear may be set down at 20 per cent. In the Indian mill it is at least double this, in consequence of the carelessness of the workpeople.

Fuel and stores, which are all imported, are much more costly in Bombay than in the English mill.”

17. The truth of the statements made in the above extract cannot be gainsaid, and it is very regrettable that these important facts recorded in an official publication should have been entirely disregarded by the Government of India in framing their tariff policy in regard to the cotton mill industry of the country in the seventies and eighties of the last century.

18. It was, however, during the closing decade of the last century that seeds were sown for the serious condition of the cotton mill industry which we are witnessing to-day. In 1893, the Indian mints were closed to the free coinage of silver and the disastrous effects of this measure are pointed out further in this statement. This event was followed three years later by the imposition of a $3\frac{1}{2}$ per cent. Excise Duty on cloth manufactured in Indian mills for the purpose of countervailing the import duties which had been re-imposed at the end of 1894. Lastly, the decade is notable for the commencement of the growth of the mill industry in Japan with the result that the exports of Indian yarn and piece-goods to that country were gradually cut off, and Japan later on proved a very formidable rival to India in the China market. Having practically ousted India from the China markets, Japan is now making tremendous inroads into the home markets of this country, and to-day this Japanese competition is regarded as the most important factor to be considered in connection with the present critical state of the indigenous industry.

19. The three events mentioned above have combined to cripple seriously the healthy growth and development of the cotton industry of this country and we will now briefly deal with each of these three events.

20. As regards the closing of the mints, we cannot do better than quote from an authoritative publication like the review of the Trade of British India for 1892-93. After pointing out how the import trade of the country was stimulated by the currency legislation of the Government of India, the Review goes on to explain in the following words the adverse effects of the closing of the mints on the export trade in cotton yarn and piece-goods :—

“That measure, while it was intended to restore steadiness to the exchanges with gold standard countries with which three-fourths of our trade are carried on, had the effect as was anticipated, of disturbing the exchanges with silver standard countries with which the remaining fourth of our trade is carried on. The disturbance was sudden and violent. While the rupee appreciated in sterling exchange value, silver fell heavily in gold value, and the sterling exchange value of the dollar fell in the same proportion. The dollar exchange between India and China which had all along stood at about \$100 to Rs. 200 suddenly fell to about \$100 to Rs. 192, and until prices of commodities were adjusted to the new conditions trade was practically paralysed.”

21. The effects of the closing of the mints on the cotton mill industry of the country are set forth in the following words in the Association's report for 1893 :—

“Never before perhaps, in the history of modern trade has legislation had a more disastrous and immediate effect on an important and well-established industry. With the certainty and precision of an automatic machine, business for China and Japan was for the time being absolutely suspended, as not only were new orders rendered impracticable by an immediate fall of 12 to 15 per cent. in the nominal rate of exchange, but it was impossible to finance previous operations, the banks refusing to buy bills on any terms. It says much for the sound condition of the industry that it was able to withstand such a sudden strain without leading to an absolute collapse, and much also for the energy and ability with which the crisis was encountered, that, availing themselves of the organisation which the Association affords, Agents and Owners of Mills at once set themselves to meet the crisis by effecting economies in working and obtaining reductions in freights, etc. These influences, coupled with a slow but steady compensating advance in prices in China, have gone a great way towards restoring the industry to a sounder basis, but it will be a long time before lost ground can be recovered to say nothing of further development. Against that, the currency policy of Government seriously militates giving as it does by the dislocation enforced between silver and the rupee, a premium to Chinese and Japanese spinners, a fact which it is evident they only too well appreciate.”

22. It is true that the industry, afterwards overcame, to some extent, the serious difficulties caused by the closing of the mints, as is evidenced by the extent of the exports of yarn to China during the 15 years following, but the important point to remember is that after the closing of the

mints, the yarn trade with China became more or less speculative in nature and brought in very inadequate returns to the Bombay spinning mill industry.

23. The serious disadvantages inflicted on the cotton industry by the currency legislation of 1893 were well set forth in a speech made by the late Sir Vitthal Das D. Thackersey in 1900, the more important paragraphs from which are reproduced in a footnote.* Sir Vitthal Das also started a discussion on the subject in the *Times of India* and his conclusions were endorsed by all competent to judge.

24. Two years after the closing of the mints, with its disastrous effects on the cotton industry of this country, came the tariff legislation forced on the Government of India by the Home Government at the dictates of Lancashire, and it is interesting to recall the following words

* "We all very well know that since the ill-advised currency legislation our industry has been suffering, but when we put on paper the figures, the result is very astonishing. I have worked out some figures which give us a clear idea of the exact position we hold now and we did hold in 1893 before the currency legislation, when our industry was in prosperous condition. In ordinary times when the trade is fair and prosperous the margin between cost of cotton and selling price of 20s yarn is 2 annas per lb., $1\frac{1}{2}$ anna per lb. cost of manufacture, and $\frac{1}{2}$ anna per lb. profit. Now taking cotton for our 20s mixing at an average of Rs. 160 per candy net, after deducting 18 to 19 per cent. as loss, we get clean cotton at 4 annas per lb. Adding to that 2 annas per lb. for cost of manufacture and profit, it comes to 6 annas per lb. Now the whole thing may be summarised in the following figures:—4 annas per lb. for clean cotton and two annas per lb. for manufacturing charges and profit. So for one bale of 400 lbs. of yarn:—Rs. 100 cost of cotton and Rs. 50 for cost of labour and profit; total Rs. 150 per bale of 400 lbs. at the rate of 6 annas per lb. of yarn. Rs. 150 selling price of one bale, Rs. 17 freight, insurance, commission, etc., and Rs. 167 = 51½ taels per bale in Shanghai at the rate of Rs. 307 for 100 taels. The Chinese and Japanese mills have to carry cotton from Bombay. Cost of cotton to them in 1893 was as follows:—Rs. 100 for 400 lbs. of clean cotton at the rate of Rs. 307 per 100 taels, i.e., selling price 51½ minus cost of cotton 35½ = 19½ taels, margin left to them between cost of manufacture and profit. In 1900, after the currency legislation Rs. 159 selling price of one bale, Rs. 17 freight, insurance and commission, Rs. 167 = 83½ taels per bale in Shanghai at the present exchange rate of Rs. 200 per 100 taels. Cost of cotton to the Chinese and Japanese, Rs. 100 for cotton, Rs. 8 for freight, insurance and commission, total Rs. 108 = 51 taels; for cotton at the present exchange rate of Rs. 200 per 100 taels. Selling price Rs. 83½ minus cost of cotton Rs. 54 = 29½ taels left to them for cost of manufacture and profit. Against 19½ taels in margin in 1893 they have a margin of 29½ taels at present, a difference of nearly 10½ per bale of 400 lbs.

Consequently the effect of the currency legislation alone, taking all things as equal, has been to give bounty to our competitors in the Far East to the extent of 10½ taels per bale, deduct from that about 1½ taels per bale, which they must pay more for stores imported from England. Also wages in Japan have increased to the extent of 10 taels per bale. Still the advantage in favour in Japanese mills is 8 taels per bale. Now, may I ask in face of these figures, is it a matter of surprise that since 1893 our trade has gradually been falling down in competition with the Chinese and Japanese mills. I know that we have shipped to China during the last two years the largest number of bales we ever did. But the question is, at what margin of profit? Every one will admit that there was no profit to us while the Japanese and Chinese mills were declaring 10 per cent. dividends to their shareholders. When the stock in China is reduced we may yet sell our yarn at profit. The Chinese and Japanese Mills may have certain drawbacks at present which might give us temporary advantage but on broad consideration of all circumstances my humble opinion is that we hold China market on mere sufferance only as long as Japan and China cannot supply their own demands and that in the near future our trade with China must suffer when the mills there must increase by leaps and bounds to supply the requirements of China. Let us hope that that day may never come, but if it does come we shall have to thank the Government of India for their Currency Legislation."

of Sir James Westland, the then Finance Member of the Government of India :—

“ I need only say that India as a manufacturing country is not yet out of her tutelage, and if any industry in the world deserves protection, it is the cotton industry of India, the only real indigenous industry, which has sprung up in this country, an industry, moreover, on which our present currency difficulties have compelled us, in the interests, as we believe, of the country generally, to inflict a certain amount of injury.”

25. The Association has written enough regarding the 3½ per cent. Excise Duty which clogged the wheels of the industry for 30 years, and now that the duty is abolished, it is not necessary to traverse the same ground again. The fact remains that the duty was levied in defiance of recognised principles of taxation and contributed to the coffers of Government Rs. 20 crores.

26. The third adverse influence which came into operation about this time was the growth of the cotton mill industry in Japan. It was in the nineties of the last century that Japan began to import cotton from this country with the natural result that she gradually ceased to import yarn and piece-goods from India. The export of the raw material in place of yarn or cloth was a phenomenon which did not augur well for the industrial progress of India, and it is noteworthy to find the Government of India expressing the following views in the Review of the Trade of British India for 1895-1896 :—

“ With Japan there has been a complete revolution in the trade. A few years ago Japan took no cotton from India, and now the shipments in 1895-96 have amounted to 16 per cent. of the trade, being larger than the shipments to any other country except Germany. This increase in the demand for the raw material has coincided with a great reduction—practically a cessation—of the demand for Indian-spun yarn, the Japanese preferring to spin the yarn themselves. We cannot expect a country to take from us a raw material for yarn if that country prefers to import the yarn, nor can we expect a country to take our yarn if that country finds it more profitable to import raw material and spin the yarn. The two trades cannot co-exist, and, this being the case, it is a matter for satisfaction that the present trade—yarn in the case of China and raw cotton in the case of Japan—is vastly more important than the trade it has displaced.”

27. Assuming for a moment that the import of Indian cotton into Japan only meant the cessation of imports of Indian yarn and piece-goods, as evidently the Government of India of the time seemed to imagine, the phenomenon nevertheless could not be contemplated with equanimity. What the Government of India appeared to have over-looked when they made the aforementioned statement was the fact that before long Japanese yarn and piece-goods made from Indian cotton would be competing in the most important foreign market of India, *viz.*, China, and eventually in other foreign and even in the home markets of the indigenous industry.

28. In the seventies and eighties of the last century whenever supply overran demand, short time working could be resorted to, but the growth of Japanese competition rendered short time working of doubtful utility, as it only meant giving a fillip to Japanese trade with China at India's expense, and so even at times of acute depression, Indian millowners found it inexpedient to curtail production by short time working. In 1898, a meeting of Chinese merchants held in Hongkong passed a resolution urging short time working in Indian mills, but the Bombay Millowners' Association were constrained to express their inability to comply with the request made by the Chinese merchants. It is noteworthy that the Indian Chairman of the above-mentioned meeting in Hongkong, in his letter to the Bombay Millowners' Association warned the millowners of this country against the danger of adopting short time with the object of reducing stocks, unless the Chinese and Japanese mills followed suit. After pointing out the rapid growth of the cotton mill industry in Japan and Shanghai, he stated :

“The competition against the mill industry of India will have a permanent tenure, and that competition is daily gaining so much in strength and intensity that any such ephemeral measure as a short time movement, if adopted exclusively by the Indian mills, and without the co-operation of the mills of China and Japan, would instead of relieving the present congestion, at the least keep intact, if not enhance the present difficulties of over-supply, inasmuch as curtailment of production brought about by the Indian mills would instantly be replaced by the mills of Japan and of China.”

29. It was further pointed out that the import duty on cotton and the export duty on yarn had been abolished in Japan and the competition from Japan had assumed a formidable shape for Bombay mills in the China market. The Indian millowners were further urged to agitate for the imposition of an export duty on cotton.

30. While studying the history of the Indian cotton industry, one cannot help feeling that during the nineties of the last century, there was imperative necessity for Government adopting proper measures—either an export duty on cotton or other facilities to the indigenous industry to enable it to maintain its footing in the China market. No other Government would have remained aloof at a time when there were clear indications that the country's greatest indigenous industry was losing its footing in its best established foreign market.

31. The combination of circumstances mentioned above rendered the position of the cotton mill industry of the country not cheering, and for more than 10 years after the closing of the mints the industry passed through a period which was far from prosperous, the plague first and two severe famines at its heel having aggravated the situation. At times indeed the position of industry was critical and many mills were forced into liquidation during this period. A couple of extracts from the Review of the Trade of British India are here quoted to show the very critical state of the mill industry during these years.

32. In the Review of the Trade of British India for 1899-1900 we read :—

“ Until the second half of the year, or rather until the third quarter, the course of Indian trade was on the whole prosperous and promising. although the cotton manufacturing industry in Bombay seemed to be reaching a critical stage. It is no exaggeration to say that the cotton spinning industry of Bombay is passing through a crisis from which mills that are not managed on sound principles cannot emerge unscathed.”

In the same official publication for 1900-01, we read :—

“ Many of the mills were closed entirely ; others worked short hours ; very few worked at a profit ; in almost every case where profits were earned they were much reduced ; thousands of mill-hands were sent adrift in a season of high prices and acute distress. It is greatly to the credit of owners, workmen, and traders alike that they struggled with adversity so bravely and quietly, simply concerning themselves in silence to make the best of a grievously bad position.”

33. During all these years the exports of yarn to China showed an increasing tendency but the rates obtained since the currency muddle of 1893 left little or no margin of profit. The weaving industry also suffered a set-back owing to the imposition of the Excise Duty. It was not till the year 1901, that the industry after a long spell of depression again experienced prosperity, but this prosperous period lasted for only about 3 years. The growth of the Swadeshi Movement during these years gave a very considerable impetus to the cotton manufacturing industry, and as the yarn trade with China was not found profitable, attention was naturally turned to the installation of more looms so that yarn spun in the mills might be manufactured into piece-goods instead of being exported to China.

34. In 1907, there were large failures, which may be accounted for by the heavy fall in prices realised for yarn in China during the early part of the year, followed later by a great falling off in demand owing to famine in that country and extremely violent fluctuations in the silver exchange during the last quarter of the year.

The Association's report for 1907 further states :—

“ The growing competition of Japan is a factor which will have to be coped with more seriously than hitherto, while the prospects once entertained of a fairly new market in Manchuria seem to recede greatly owing to the politico-economic condition consequent the occupation of that province by Japan.”

35. The depression which commenced in 1907 continued throughout 1908, 1909, 1910. Cotton ruled high, but there was no corresponding rise in the price of cloth. In the year 1910 the difficulties of the industry were further aggravated by the enhancement of the duty on silver. The matter was discussed at a special meeting of the Committee of the

Millowners' Association when the following telegram was despatched to the Finance Minister :—

“The Bombay Millowners' Association strongly protest against proposed enhanced duty on silver as being detrimental and extremely injurious to the mill industry generally and to Indian labour.”

36. Sir Sassoon J. David in the Imperial Legislative Council protested against this measure in the following words :—

“I do not propose to recapitulate the burdens under which the Indian Cotton Industry is suffering at this time, but I am sorry that there was not on the Government side a more frank admission of the reality of the fresh burden to be imposed, by the new silver duty, on the trade with the further East. It may be worth while to give one or two figures that show how that important branch of the trade is already being impaired. It should be borne in mind that formerly Japan was one of our best customers, and in 1888-89 she took from us more than 23 million pounds of yarn. Now she takes none ; but takes instead large quantities of raw cotton, thereby raising the price of our raw material, while lowering the price of our finished products in the Chinese market. The largest quantity of raw cotton shipped to Japan in a single year was 2,525,200 cwts. in 1901-02. But in the eleven months of the current year 1909-10 no less than 2,873,400 cwts. have been shipped. In the face of these facts and of the increasing activity and efficiency in the Chinese spinning industry, it is vain to pretend that India's trade with the further East is in a position to stand any superfluous handicap whatsoever, and I foresee injury to India's cotton industry from duties that have now been imposed.”

37. In spite of the strong protests of the Association's representative, the Bill was carried and the enhanced duty imposed as originally proposed by the Finance Member.

38. The adverse conditions of 1910 continued with brief periods of partial recovery until 1917, when the boom period set in, and which lasted well on into 1922. The demand in the Indian market coupled with freight difficulties had a regrettable result of great importance, namely, the displacement in China of Indian yarns by those of the Chinese and Japanese mills. Indian trade in 16s and 20s with China had practically been at a stand-still for some time, it having been ousted by the mills in Japan and latterly by the mills started in China, but hitherto Japan had not seriously attacked the trade in 10s and 12s. When however, prices of 10s in India were higher than those of 16s in China, many of the Chinese and Japanese mills took to spinning 10s and 12s and sold thousands of bales to Chinese consumers. It is unfortunate that with the return of normal times, Indian mills have not been able to regain this trade with China, which is now apparently held by local mills while Japan supplies yarns of medium counts.

39. The earlier part of the year 1922 was a period of good profits, though much below the level reached in the preceding year. The trade in yarn was most disappointing, as prices failed to respond to the rise in cotton, with the result that day by day the Mills' margin of profits

diminished, and had almost reached vanishing point when the year closed, and as goods were difficult to move even at low prices there was a general accumulation of stocks. The revived Swadeshi Movement which had given an impetus to the piece-goods trade once again slackened. The curtailment of exports and the financial difficulties of big merchants contributed to the depression of the market.

40. With the year 1923, commenced that period of unparalleled depression which has continued till to-day. The year was marked by spasmodic fluctuations in the prices of both raw materials and the finished article rendering the outlook generally grave. While at one period cotton rates seemed to favour the mills, there was an absolute cessation of demand for cloth, and when enquiries for cloth were forthcoming the prices of cotton ruled so high as not only to leave no margin, but to involve a positive loss to manufacturers. Stocks began to accumulate and month after month passed by without any re-appearance of demand. In the yarn trade too the year was for the greater part extremely disappointing. About the middle of September, however the general shortage created by the Japanese earthquake began to make itself felt and there was a brisker enquiry and some rise in prices.

41. The year 1924 proved even worse than 1923. The demand for cloth was never very active, as purchasers fought shy of making commitments owing to the continued fall in prices. Throughout the year, the increasing imports of Japanese piecegoods into India had very adverse effects on the home trade.

As regards yarn also, the year proved most unsatisfactory. The demand was slack and the margin at times was so low as to make it impossible for the mills to turn out yarns at any profit.

42. The above brief recital of the history of the cotton mill industry of the country goes to show that since the nineties of the last century, the industry had only one cycle of prosperity in 1904, 1905 and 1906 but the abnormal conditions created by the war and the aftermath of war from the years 1916 to 1922 brought a further spell of prosperity to the industry. But for this the industry would probably have reached its present serious plight at a much earlier date.

43. From the above narration of the history of the cotton mill industry of India it will be noticed that there were in the main three circumstances which seriously hampered the growth and development of the industry :—

1. The closing of the mints dealt a severe blow to the yarn trade with China which was the most important asset of the industry. The millowners had to turn their attention gradually from yarn to piece-goods. To-day the loss of the China market constitutes a very serious factor in connection with the present situation of the mill industry.
2. The Japanese mill industry became well established in the nineties and has expanded with almost feverish rapidity with serious consequences to the local industry in its home and foreign trade.

Japanese competition more than anything else accounts for the present depression of the industry.

3. The third adverse circumstance which came into operation in the nineties was the tariff legislation. This long-standing grievance of the mill industry was only recently removed when the industry was face to face with a crisis of unparalleled magnitude.

Of the three causes which dealt a severe blow to the industry in the past, two are still in operation, viz., the exchange and currency policies of Government and Japanese competition. The almost entire loss of the China market, as stated above, constitutes another important factor to be considered in connection with its present depressed state. In recent times other circumstances have come into being and these are having further adverse effects on the industry. They are enumerated below :—

4. Labour disputes have become more frequent than was the case ten years ago, and as is well-known during recent years, there have been general strikes of very long duration which have seriously dislocated business, in spite of substantial increase in wages and additional bonuses given to the operatives. Wages have been increased to a figure that more than counter-balanced the rise in the cost of living, and since the cost of living has again gone down, there has not been a corresponding reduction in wages.
5. Costs of all sizing materials, stores, machinery, coal, etc., are much above the pre-war level and have caused a considerable increase in manufacturing costs.
6. Municipal, Provincial and Imperial taxation has gone up by leaps and bounds and have now become a serious drain on the industry.
7. Insurance charges have substantially increased owing to higher prices of cotton and all materials.
8. High railway and steamer freights hamper the development of the industry especially in the export trade. In this respect, the Japanese with their subsidised steamship lines, have a distinct advantage.
9. There has been a large increase in the interest charges which mills have to bear owing to the increase in the price of cotton, stores, power and machinery.

All these adverse factors are dealt with in detail in subsequent pages.

THE PRESENT POSITION OF THE INDUSTRY

The extent and importance of the Industry

44. A very accurate idea as to the magnitude and importance of the Indian cotton textile industry may be obtained by a perusal of Tables 1 to 7.

Tables 1 and 2 show the number of spindles and looms, the amount of cotton consumed per annum and the number of workpeople actually

employed in the industry in Bombay Island and all India respectively. The more important conclusions to be drawn from these two tables are :—

- (a) that nearly 370,000 people are employed in the industry, which means that at least 4 times that number, i.e., nearly $1\frac{1}{2}$ million souls are directly dependent on the industry for their daily bread.

In Bombay City and Island the number of persons directly employed in the industry is 153,000 which means that including dependents, more than half of the inhabitants of this great city are absolutely dependent on the industry for their livelihood.

- (b) The cotton consumed in the mills of India is approximately $2\frac{1}{2}$ million bales per annum which is roughly equivalent to two-fifths of the entire Indian cotton crop. The agricultural statistics published by the Government of India show that the total area of land cultivated in India is about 760 million acres, including fallow land and the area under cotton about 27 million acres. If it may be assumed that 80 per cent. of the total population of India is engaged in agricultural pursuits, it is possible to frame a rough estimate of the number of persons dependent on the growth of cotton for the necessities of life. Taking the total agricultural population as 250 million souls then it may be concluded that somewhere in the neighbourhood of $\frac{27}{760} \times 250,000,000 = 9$ million people obtain a livelihood from cotton growing in India. All of these 9 million people are largely dependent on the Indian cotton mill industry, but two-fifths or nearly 3,600,000 are entirely dependent on it. To these two classes of people must be added all those persons engaged in the distribution and sale of cotton piece-goods and yarn, dealers in mill stores and textile machinery, the persons engaged in the transport of cotton, yarn and piece-goods, before anything like an accurate estimate of the total number of persons in India who are directly dependent on the industry could be framed, but it is probably an under-estimation to say that 6 million people are almost wholly dependent upon the cotton textile industry for their daily bread and are enriched by its prosperity and impoverished by its lack of prosperity, a number considerably in excess of the number directly affected by any other industry in the country.

Capital employed in the Industry

45. The capital invested in the industry so far as can be ascertained is not less than fifty crores of rupees. In the mill statement published by the Bombay Millowners' Association in 1925 the total paid up capital is given as nearly 47 crores, but these figures do not include the capital of 55 concerns who submitted no particulars under this head.

Importance of the Industry to the Government of India

46. The importance of the prosperity of the cotton textile industry to the Government can, to some extent, be gauged from the contributions made by it in the form of taxation during the last few years which are dealt with in detail later on.

The financial position of the Bombay Mill Industry

47. The extremely unsatisfactory state of the Bombay mill industry during the last three years can be at once ascertained from Table 8. These figures were compiled by Messrs. A. F. Ferguson & Co. from the published Balance Sheets and Profit and Loss Account of the mills in Bombay City and Island. The figures for 1925 have not yet been compiled but it is certain from the Balance Sheets so far received that the total losses during the year 1925 were even greater than in 1924.

For purposes of easy reference the figures of capital and net profit or loss during the last 4 years are given below :—

YEAR.				Capital including Reserves and Debentures.	Net Profit or Loss.
				Rs.	Rs.
1922	..	..	..	32,61,24,086	3,87,51,591
1923	..	..	..	33,53,67,941	—1,17,82,968*
1924	..	..	..	33,91,35,234	—2,27,15,893*
1925	..	..	..	....	Estimated to be over —2,50,00,000*

* Loss.

One need look no further for the reason for the closing down of mills, and the number of mills which have recently been forced to go into liquidation.

Production of yarn and piece-goods

48. The total production of yarn and piece-goods in Bombay Island and all India cotton mills is shown in Tables 3 to 7 in the Appendix.

Position of the Bombay Mill Industry in regard to stocks

49. From the beginning of 1923 from which date the depression in the industry has been a matter of very serious concern, the Bombay Millowners' Association have maintained a month to month record of the stocks held by mills in the City and Island of Bombay. These figures are reproduced in Tables 9 to 12.

In the last six months the yarn position has become most serious. In piece-goods the position also gives cause for anxiety and throughout the present year sales have been effected at unremunerative rates or at a loss.

FACTORS LEADING TO THE PRESENT DEPRESSION IN THE BOMBAY
MILL INDUSTRY

Loss of the China trade in Yarn

50. Until the year 1893 the yarn trade with China was undoubtedly the bulwark of the prosperity of Bombay's cotton mill industry. Owing to the large market for yarn in China, the spinning side of the

Bombay mill industry developed out of all proportion to the weaving side of the industry. Some progress had been made in the weaving section, but to all intents and purposes the piece-goods trade was confined to the Indian market.

In 1893 the Indian mints were closed to the free coinage of silver as a preliminary to the linking of the rupee to gold in 1898 in the interests of the development of trade with gold using countries. The effect upon the yarn trade with China, which still retained a silver currency was immediate and disastrous, and though for some years the average bulk of the yarn exports to China did not diminish, sales had to be made at sacrifice prices. The seriousness of the position was emphasised by persons like the late Sir Vithaldas D. Thackersey and Sir Sassoon J. David in 1899, 1900 and 1901, and it was generally recognised that it was only a matter of time before the yarn trade with China would disappear entirely, owing to the relatively high cost of production coupled with high freights in India as compared with the cost of production in China and Japan.

51. A study of tables 13, 14, 15 and 16 shows—

1. That there has been a decrease in the annual production of yarn.
2. That whereas in 1907-08, 72 per cent. of the production of Bombay mills was marketted in the form of yarn, in 1924-25, only 38 per cent. was put on the market in the form of yarn.
3. That the total export trade in yarn in 1924-25 was only about one-sixth of what it was in 1907-08.
4. That the increase in the number of looms and the consequent increase in the production of cloth in Bombay City and Island has not been sufficient to compensate for the loss of the China trade in yarn.

EFFECTS OF GOVERNMENTS' CURRENCY POLICY

Closing of the Mints to the Free Coinage of Silver in 1893

52. The effect of the change over from a silver currency has been discussed in general terms in the short history of the industry in the previous pages and little more needs to be added to the remarks already made.

As is well known in the years previous to 1893, when the mints were closed to the minting of silver as a preliminary to the linking of rupee to gold, the exchange value with silver using countries like China, only fluctuated within narrow limits. With gold using countries the opposite was the case, and in the year 1898, in the interests of the trade with gold using countries, which as the Government of India pointed out was about $\frac{3}{4}$ of the total, it was deemed expedient to link the rupee to gold, and the position in regard to fluctuations in exchange was reversed to the detriment of the export trade with silver using countries. Thus the trade of the Bombay mills with China received a very severe blow, for the trade with China at once became much more speculative. The closing of the mints in 1893 led to an immediate rise of nearly 15 per cent. in the rupee exchange rate with China which meant in effect

that the cost of yarn in dollars in the China market was immediately increased. This can be made clear by the following example.

Previous to the closing of the mints the rupee-dollar exchange rate had been fairly constant at or a little over Rs. 200 per 100 dollars. After the closure the rate at once rose to Rs. 175 per 100 dollars. The cost of production of cotton and raw materials in rupees remaining the same, yarn which cost Rs. 100 to produce before the change would cost the Chinese importer 50 dollars and after the change slightly more than 57 dollars, i.e., about 14 per cent. more. Against an insignificant saving in the price of stores, there was undoubtedly a permanent loss in regard to items of cost of production like wages, interest, taxes and depreciation, and the fairly steady rise in the dollar value of the rupee up till 1914 must have steadily increased the dollar cost of production of Bombay yarn, to the great disadvantage of the Bombay mill industry in competition with the indigenous industry in China. During the war the great rise in the value of silver, which would under ordinary circumstances have given a great impetus to the Bombay yarn industry with China, was entirely nullified by the tremendous increases in the cost of production in India brought about by the rise in the cost of living necessitating the grant of very large increases in wages, enormous increases in the cost of stores and raw materials and prohibitive increases in freight rates.

From 1919 there has been a constant fall in the rupee value of the Chinese silver dollar, corresponding with the fall in the value of silver, and this fact coupled with the extension of the mill industry in China has indubitably diminished the prospects of Bombay mills regaining a market for yarn in China in the counts of yarn which can be produced in Chinese mills, and more especially owing to their extremely low production costs caused by inferior conditions of labour, low wages, and double shift working with female labour. (*Vide* Table 17).

The Effect of the 2/Ratio

53. During the war the great demand for Indian foodstuffs and raw materials by the Allies, and the diminution in imports caused India's favourable balance of trade to assume enormous proportions, and this fact combined with a phenomenal rise in the value of silver caused the exchange value of the rupee to rise to undreamt of heights in comparison with sterling. Prices of foodstuffs and all the necessaries of life also rose greatly in spite of the rise in the exchange value of the rupee, with the result that wages had to be increased in like proportion. To-day the Bombay mill industry is still paying the same as or higher wages than when the cost of living was at its highest and in addition the hours of labour have been reduced from twelve to ten, the net result being a large increase in the cost of production.

54. The tremendous fluctuations in the sterling value of the rupee, its rapid rise throughout 1919 and the first two months of 1920 and its even more rapid fall during the last ten months of 1920 brought ruin

to a great number of dealers in imported and locally made piece-goods who made contracts for imported goods on the basis of the 2 ratio recommended by the Babington Smith Commission and which the great bulk of the people of India understood to mean a 2/exchange ratio. How persistently and at what cost the Government of India tried to keep up the exchange value of the rupee and how they failed is writ large in the history of the last decade, but it is not equally well-known that the ruin of the piece-goods merchants in 1920 and 1921 is still affecting the output of piece-goods of both Indian and English manufacture.

After the Government of India had appreciated the impossibility of realising the aim of the Babington Smith Committee for a 2/-rupee the exchange value gradually drifted down until in July 1921 it had reached the very low level of 1-3½ sterling (equivalent to 1/0½ gold). From this low point it rose with slight fluctuations until in September 1924 it had reached 1 5-31/64 (equivalent to 1/4 gold). At or slightly before this date a large proportion of Indian public opinion advocated the adoption of a fixed rate of 1/4 gold, and the abolition of the 2/-ratio in the Currency and Coinage Acts, but unfortunately as far as the Cotton Textile Industry of Bombay is concerned, action on the lines recommended was not taken by the Government of India, and from this time onwards the currency operations of Government rendered possible by continued good monsoons caused the exchange value of the rupee to rise until in October 1925 it touched 1/6-5/32 sterling, which owing to the rise in the cross rate raised the value of the rupee to 1/6-3/32 gold (*Vide* Table 18).

55. Mention has already been made that the export trade of Bombay with China in yarn was seriously injured by the divorcement of the ratio of value between the rupee and the Chinese silver dollar. This Association do not wish to anticipate the report of the Currency Commission which is now sitting except to state that in so far as the Bombay Mill Industry is concerned the fixation of the rupee at 1/6 gold would be a misfortune for the mill industry.

56. It is not desired to exaggerate the difficulties brought about by the exchange policy adopted by the Government of India but it cannot be too emphatically stated that—

1. The closing of the mints in 1893 and the linking of the rupee to gold drove the first nail into the coffin of the China trade in yarn.
2. The increase in the cost of production due to the increase in wages given on account of the rise in the cost of living brought about by the war, in spite of the high and unnatural 2-ratio, has added considerably to the burden on the industry.
3. The fixation of the value of the rupee at 1/6 gold instead of 1/4 gold would give competing countries a considerable advantage as compared with 1914 in competition with India in the home and foreign markets owing to the fact that it would mean a permanent increase of 12½ per cent. in many items of the cost of production reckoned in terms of international value and this increment combined

with the increases in cost of production owing to the great rise in wages compared with pre-war years, would militate against the successful future development of the industry in India and would probably prevent any further progress in foreign markets.

4. That is very great impetus has been given to Japanese competitors through the normal parity of Rs. 153 per 100 Yen having been reduced by the recent increase in the gold value of the rupee to 134.

57. The gain which has accrued to Japanese mills by the fall of the value of the Yen to below its pre-war parity of Yen 100 per Rs. 153, may be judged with a very fair degree of accuracy from the following table in which the price at which an Osaka mill could afford to lay down cloth in Bombay from 1921 to the present day, is given in comparison with the price at which a Bombay mill could manufacture the same cloth. The figures do not take into account the additional advantage which the Japanese mills obtained owing to the fairly regular monthly fall in the value of the yen which occurred from February 1924 to February 1925, which has been specially commented upon in the paragraphs dealing specifically with the growth of Japanese competition nor the lowering of costs of production by double shifts with female labour and longer hours. Two assumptions have been made in calculating the figures given in the table, the first being that the average Bombay manufacturing charges have been $7\frac{1}{2}$ annas per lb. since 1921. The second assumption concerns the average Yen cost of manufacture which has been taken as yen 190 per candy throughout the period named for a mill working single shift. There have possibly been slight variations in this charge but just as in India the manufacturing charges in rupees per candy have been taken as a constant figure, so in Japan the yen cost of manufacture has also been assumed at a constant figure, wages having remained about the same during the whole period, and the cost of stores having if anything, declined since 1921.

One may draw his own detailed conclusions in comparing columns 6 and 11 of the table but one or two facts of importance stand out clearly which have an intimate bearing on the position of Bombay mills to-day. They are—

1. That in 1921 and 1922 Japanese competition had not assumed its present formidable aspect.

2. That from February 1924 until February 1925 the factor of a gradually depreciating Japanese exchange coupled with the appreciation of the rupee exchange began to act in favour of the Japanese and enabled them to compete successfully against Bombay mills in the Indian market.

3. That during the whole of 1924 the Japanese were greatly assisted in their competition with Indian mills by the low value of the yen and its constant depreciation, and that from the middle of 1924, they were able to undersell Indian mills owing to the low value of the yen apart from the added gain from the gradual depreciation of the yen.

4. During 1925 and 1926, the Japanese have not had the benefit of a falling exchange but the general level of value of the yen has been low enough in itself to enable Japanese mills to undersell Bombay mills by a very considerable margin.

Incidentally, the table also shows why the remission of the Excise Duty brought only partial relief to the industry in Bombay as the Japanese could still afford to sell at prices below those of Bombay mills, and how much further that relief will have to travel before even equilibrium is established as far as Japan is concerned.

Explanation of the Table

A concrete example is taken. A grey shirting made from 18s warp and 20s weft would be made from cotton at or about the price of Broach. Such a cloth could be made equally well by the Japanese from cotton at the same rupee price. In the Table appended a comparison is made between the approximate prices at which a Bombay mill and a Japanese mill working single shift could place such a shirting on the Bombay market for the last five years.

Column 2.—Column 2 of the Table gives the average monthly Telegraphic Transfer rate for the Rupee-Yen exchange since January 1921.

Column 3.—Column 3 gives the average Telegraphic Transfer exchange rate since January 1921.

Column 4.—Column 4 gives the average rupee price for Broach cotton since January 1921.

Column 5.—Column 5 gives the price at which a good Bombay mill would be able to sell a candy of shirting made from the candy of cotton on the average price given in Column 4, neglecting Excise Duty. This price is approximate only because it is assumed that a candy of shirting would be produced from a candy of cotton. The price of cloth has been arrived at by adding on to the price of cotton $7\frac{1}{2}$ annas per lb., i.e., Rs. 370 per candy as manufacturing charges.

Column 6.—Column 6 gives the price of the same cloth including Excise Duty at $3\frac{1}{2}$ per cent.

Column 7.—Column 7 gives the price per candy of Broach cotton converted into yen at the current rate of exchange.

Column 8.—Column 8 gives the price in Yen for which the Japanese could produce one candy of shirting from cotton at the price indicated in Column 7.

This price has been arrived at by adding to the cotton price the manufacturing charges per candy. Owing to greater efficiency on the part of the Japanese operatives, the manufacturing charges in Japan are not more than 80 per cent. of the manufacturing charges in Bombay when exchange is normal. Fluctuations in the Yen-Rupee exchange have not affected, or only very slightly affect this charge in yen. Thus just as a constant rupee addition has been made to the price of Broach cotton for manufacturing charges a constant yen addition has been made to the yen price of Broach cotton to ascertain the yen price of cloth in Japan.

Column 9.—Column 9 gives the yen price of cloth in Bombay excluding import duty, and has been obtained by adding yen 20 to Column 8 for freight both ways and charges. This is a very generous addition since the nett freight rate for cotton from Bombay to Japan is less than yen $6\frac{1}{2}$ per candy.

Column 10.—Column 10 gives the price in rupees at which the cloth could be put on the Bombay market by a Japanese mill not including import duty.

It has been obtained by converting the corresponding figures given in Column 9 into rupees at the current rate of exchange.

Column 11.—Column 11 gives the price in rupees at which cloth could be put on the Bombay market after payment of import duty.

*Statement showing the Comparative Prices of Japanese Cloth and Indian
mill-made Cloth in India*

1	Rate of Exchange.		Price of Broad Cotton in Rupees. per Candy.	Price of Cloth in Bombay, per Candy.	Price of Cloth in Bombay paying 34 per cent. Excise Duty.	Price of Broad Cotton in Yen, per Candy.	Price of Japanese Cloth adding 150 Yens for Over-head Charges	Add Freight 20 Yens.	Price of Japanese Cloth in India, per Candy.	Add Import Duty payable in India.
	Yen.	Rs.								
	2	3	4	5	6	7	8	9	10	11
1921										
January ..	180	1'5 5/10	320	600	720	180	371	391	704	757
February ..	180	1'3 20/22	205	675	690	160	354	374	690	748
March ..	194	1'3 5/10	265	635	655	185	327	347	677	728
April ..	180	1'3 5/8	205	635	655	140	330	362	692	712
May ..	180	1'3 5/10	300	670	700	103	353	373	704	762
June ..	197	1'3 27/64	336	700	731	171	361	381	751	807
July ..	207	1'3 1/4	330	700	731	164	354	374	775	833
August ..	203	1'4 3/10	301	731	750	180	370	390	780	848
September ..	181	1'5 47/61	521	891	922	288	478	498	902	970
October ..	174	1'4 51/64	518	918	950	315	505	525	913	981
November ..	179	1'4 1/8	440	810	841	251	441	461	826	888
December ..	175	1'4 1/64	484	851	883	277	467	487	853	917
1922										
January ..	171	1'3 53/61	463	833	862	271	461	481	823	893
February ..	167	1'3 20/64	412	785	812	248	438	458	795	849
March ..	171	1'3 0/32	423	793	821	240	436	456	780	800
April ..	170	1'3 5/32	465	835	864	274	464	484	823	893
May ..	165	1'3 35/64	496	800	800	301	491	511	844	887
June ..	164	1'3 35/64	515	885	916	314	504	524	859	953
July ..	165	1'3 21/32	540	910	932	327	517	537	887	981
August ..	165	1'3 37/64	523	893	924	317	507	527	870	966
September ..	168	1'3 0/10	460	833	862	270	460	480	810	909
October ..	167	1'3 5/8	452	822	851	271	461	481	804	892
November ..	164	1'3 13/16	474	841	874	286	479	499	812	901
December ..	159	1'3 63/64	467	835	864	292	482	502	799	880
1923										
January ..	164	1'4 37/61	491	890	890	324	514	534	822	912
February ..	162	1'4 7/32	532	902	933	350	540	560	851	945
March ..	164	1'4 7/64	547	917	949	355	545	565	870	968
April ..	150	1'4 1/8	523	893	924	335	525	545	850	943

1	Rate of Exchange.		4	5	6	7	8	9	10	11
	Yen.	Rs.								
			Price of Broach Cotton in Rupees, per Candy.	Price of Cloth in Bombay, per Candy.	Price of Cloth in Bombay paying 34 per cent. Excise Duty.	Price of Broach Cotton in Yen, per Candy.	Price of Japanese Cloth adding 100 Yens for Over-head Charges.	Add Freight 20 Yens.	Price of Japanese Cloth in India, per Candy.	Add Import Duty payable in India.
1923—contd.										
May ..	154	1.4 3/32	514	834	915	325	515	535	815	935
June ..	154	1.4 3/32	531	901	932	330	520	540	863	955
July ..	159	1.4 5/64	513	883	914	323	513	533	848	941
August ..	161	1.3 63/64	475	845	874	295	485	505	813	902
September ..	159	1.4 1/8	493	863	893	310	500	520	826	917
October ..	157	1.4 31/64	530	900	931	328	528	548	861	956
November ..	157	1.4 59/64	601	971	1,008	345	575	595	934	1,037
December ..	152	1.5 5/64	612	1,013	1,048	422	613	633	902	1,063
1924										
January ..	147	1.5 7/64	631	1,001	1,039	431	621	641	913	1,047
February ..	150	1.4 51/64	604	974	1,008	403	593	613	910	1,020
March ..	145	1.4 11/16	564	934	967	389	579	599	869	965
April ..	139	1.4 51/64	560	939	972	418	608	628	851	943
May ..	132	1.4 51/64	576	946	979	429	619	639	843	936
June ..	135	1.4 59/64	526	896	927	390	580	600	810	899
July ..	134	1.5 7/32	516	886	917	385	575	595	797	885
August ..	128	1.5 1/4	513	883	914	401	591	611	782	865
September ..	126	1.5 31/64	450	820	849	357	547	567	714	792
October ..	116	1.6	459	829	858	395	585	605	702	779
November ..	112	1.5 27/32	468	838	861	418	608	628	703	780
December ..	111	1.6 3/64	459	827	856	415	605	625	695	774
1925										
January ..	107	1.5 31/32	456	826	851	426	616	636	691	756
February ..	109	1.5 25/32	462	832	861	424	614	634	691	767
March ..	116	1.5 31/32	478	848	878	412	602	622	721	800
April ..	118	1.5 27/32	459	820	858	389	579	599	707	785
May ..	118	1.5 31/32	447	817	846	379	569	589	695	771
June ..	112	1.6 1/32	413	813	841	397	585	605	678	762
July ..	112	1.6 2/32	459	823	852	404	594	614	684	764
August ..	114	1.6 3/32	459	820	858	402	592	612	695	775
September ..	110	1.6 5/32	422	792	820	384	574	594	653	725
October ..	111	1.6 5/32	496	776	803	366	556	576	644	715
November ..	115	1.6 3/16	387	757	791	326	526	546	625	697
December ..	118	1.6 3/16	363	733	768	394	494	514	611	683

	Rate of Exchange.		Price of Broad Cotton in Rupees, per Candy.	Price of Cloth in Bombay, per Candy.	Price of Cloth in Bombay paying 2½ per cent. Excise Duty.	Price of Broad Cotton in Yen, per Candy.	Price of Japanese Cloth adding 100 Yens for Over-head Charges.	Add Freight 20 Yens.	Price of Japanese Cloth in India, per Candy.	Add Import Duty payable in India.
	Yen.	£								
1	2	3	4	5	6	7	8	9	10	11
1926										
January ..	120	1'6 5/16	358	728	..	284	188	508	600	676
February ..	124	1'6 3/16	357	727	..	288	478	408	617	685
March ..	124	1'6 3/16	351	724	..	285	475	405	614	681
April ..	129	1'5 7/8	339	700	..	263	453	473	610	677
May ..	130	1'5 7/8	336	700	..	258	448	468	608	675
June ..	129	1'5 15/16	344	711	..	260	450	470	611	681

Japanese Competition

58. The unfair competition which the cotton mill industry of this country is meeting from Japan both in the home and foreign markets is one of the principal reasons for the present depressed state of the industry.

59. Judging from the statistical and other official publications it would appear that this very serious menace to the cotton industry of the country is frankly recognised by Government. For the last two or three years, the annual official publication of the Government of India known as 'Review of the Trade of India' contains frank admissions by Government of the severity of Japanese competition. Again, in the Report of the Sea-borne Trade and Customs Administration of the Bombay Presidency for 1924-25, it was stated :—

“ Japanese competition was severe and in certain instances Japanese goods were offered at prices lower than the cost price of similar goods manufactured in India The mill industry is suffering from the unfavourable rate of exchange with Japan and highly organised Japanese competition. The Japanese mill-worker appears more efficient than the Indian mill-hand, while the system of night and day working of their mills combined with factory law restrictions believed much less stringent in application than those of India, reduces cost of production. These and other factors counterbalance the advantages which $7\frac{1}{2}$ per cent. net protection and the absence of the double freight charges give the Indian mills. The abolition of the small cotton excise duty of $3\frac{1}{2}$ per cent. would probably not make much difference as regards the competition of Japan.”

60. The cotton industry in Japan had its beginning in the nineties of the last century and has made tremendous strides in the course of the last thirty years as will be seen from the figure, of spindles, looms, production, etc., given in Tables 19A to 19H.

Some time back the Japan Cotton Spinners' Association compiled eight tables which are reproduced in Tables 19A to 19H showing the astounding development that has taken place in that country in the brief space of twenty-two years.

61. Three tables prepared by this Association are given after the tables of the Japan Cotton Spinners' Association. (*Vide* Tables 20A, B & C.)

Table 20A.—Is made up from the series of tables published by the Japan Cotton Spinners' Association and recently reprinted in the October issue of the International Cotton Bulletin.

Table 20B.—Gives similar particulars for India and is made up from figures published in the Associations' Annual Reports and the Annual Sea-Borne Trade Returns of British India.

Table 20C.—Is a comparative table showing at a glance the growth of the Japanese yarn and cloth export trade to India and China and the concurrent decline in the Indian export trade to China.

The conclusions which are to be drawn from the tables are many and striking, but the more obvious ones are :—

(a) With a total spindleage of less than five million, Japan produces over two million bales of yarn per annum, whereas India with $8\frac{1}{2}$ million spindles only produces $1\frac{1}{2}$ million bales of yarn.

(b) With only just over 60,000 looms Japan produces well over a 1,000 million yards of piece-goods per annum ; India with $2\frac{1}{2}$ times as many looms, only produces 1,700 million yards of cloth per annum.

The effect of this on the cost of production of Japanese piece-goods and yarn will be apparent.

(c) Japan, owing to her larger production of yarn and piece-goods for export has a much better balanced trade than India.

(d) The cotton consumed by 5 million spindles in Japan is considerably greater than the cotton consumed by $8\frac{1}{2}$ million spindles in India.

(e) From Table 29C, taking a five-year average, it will be seen that while Japan has almost maintained her yarn export trade with China, India has almost entirely lost hers.

(f) In piece-goods, the position is much more unfavourable to India, the value of India's piece goods export trade to China being only about 1.10 of what it was. Japan's trade has increased forty or fifty fold.

62. What strikes one most in considering the growth of Japanese competition is the amazing rapidity with which her imports into this country have gone up. It may be broadly stated that in 1914-15, the total imports of Japanese yarn into India were less than a million pounds while in 1924-25, *i.e.*, about ten years later, the quantity imported was, more than thirty-two times the figure of 1914-15. Again, in piece-goods, the quantity imported in 1914-15 was about 16 million yards and in 1925-26 it had risen to nearly 220 million yards.

63. The underquoted figures of imports of Japanese piece-goods into this country during the last five years show how rapidly these imports are increasing :—

Year.				Quantity in yards.	Value in Rs.
				(000 omitted)	(000 omitted)
1921-22	..	..	..	90,275	36,702
1922-23	..	..	..	107,778	42,490
1923-24	..	..	..	121,002	45,045
1924-25	..	..	..	155,302	57,463
1925-26	..	..	..	210,329	68,814

It is this extraordinary rise every year in Japanese imports which fills with dismay the minds of every body who has a stake in the cotton mill industry of the country. If the Japanese imports go on increasing at the present rate one hesitates to contemplate the plight in which the

cotton mill industry of the country will find itself in about five or six years time.

64. It has, however, been alleged that the competition which the Indian cotton industry is meeting from Japan is insignificant, and in support of this statement statistics are adduced to show that the imports of Japanese goods into this country form a small percentage of the quantities produced by Indian mills and it is stated that this small percentage cannot have any appreciable effect on the indigenous industry. There is a three-fold fallacy underlying this argument. The first fallacy is pointed out in the following extract from the London "Times":—

"The question of Japanese competition cannot be judged by a mere mention of her present proportion of the total Indian cotton trade. Her advance is best estimated by considering the remarkable progress made since pre-war years."

If the present imports be not deemed sufficiently large to have any detrimental effects on the cotton industry of this country, an altogether erroneous assumption, as pointed out further on in this statement, still can it be maintained, in the face of the tremendous increases in the imports every year, that no action is called for to check this annually increasing growth? Is it contended that no action should be taken until the imports have become sufficiently large to kill the indigenous industry?

The second fallacy underlying the argument quoted above is that it takes no count of the effects of Japanese competition on the export trade of this country. It is forgotten that not only is Japan dealing severe blows to Indian manufacturers in Indian markets, but she is making rapid inroads in the export markets. In the words of the 'Administration Report of the Bombay Presidency for 1923-24'.

"Since 1917, China has been practically a closed market for Indian piece-goods owing mainly to the expansion of the indigenous textile industry and to the rigour of Japanese competition."

India has practically lost her export trade in yarn, and since this yarn has necessarily to be utilized in manufacturing cloth, it is of the utmost importance to develop the export trade, but here again Japan with the unfair advantages she is enjoying over India is proving a very formidable rival, for not only has she ousted India from the Chinese market, but is rapidly capturing her foreign markets, *e.g.*, Egypt, East Africa, etc.

But the greatest fallacy underlying the argument that Japanese imports are too insignificant in quantity to have any adverse effects on the indigenous industry is that it entirely overlooks the well-known economic fact that in the case of all commodities it is the marginal quantities that raise or lower prices. If the demand for a certain commodity is equalled by the supply, normal prices will rule in the market. If the supply, however, is 5 per cent. less than the demand, prices will not rise merely by 5 per cent. but by a much higher figure. The Japanese imports which are for reasons explained below sold in the Indian market at prices below the cost price of similar goods in

India constitute the marginal quantity which has an effect on prices of Indian mill-made goods, although these Japanese imports are only a small percentage of the quantity of piece-goods manufactured by Indian mills.

65. One of the most characteristic features of Japanese competition is that the Japanese select particular descriptions of goods which are manufactured in India. This serves to lower prices of those particular descriptions and this reacts on prices all round. The most striking instance of this is afforded by the manner in which the Japanese have attacked the trade in sheetings, T-cloth and domestics. The imports of this description of goods ten years ago was only about 6 per cent. of the total quantity placed on the Indian market, while at present the imports in this description are very nearly the same as the quantities manufactured by Indian mills. In this description of goods Japanese imports show a very marked increase. In 1915-16 while they were about 1½ millions of yards, were 52 million in 1918-19 and have stayed at a comparatively high figure ever since. Thus :

Imports from Japan of plain grey sheetings in millions of yards

1918-19	..	..	..	..	52
1919-20	..	..	..	..	16
1920-21	..	..	..	..	41
1921-22	..	..	..	..	35
1922-23	..	..	..	..	41
1923-24	..	..	..	..	54
1924-25	..	..	..	..	34

66. The Bombay Millowners' Association maintain that the mill industry in Japan enjoys certain special advantages over the indigenous industry, and these special advantages make the competition from Japan grossly unfair, necessitating special protective measures on the part of the Government of India in the interests of the cotton mill industry of this country.

67. The strongest complaint which the millowners of this country have to make against Japan is that she has failed to carry out the convention adopted by the International Labour Conference held at Washington in 1919, which she had provisionally agreed to. As is well-known, all the conventions adopted by the International Labour Conference were not applicable to Japan and India, and special conventions regarding hours were drawn up in respect of these two countries. The Government of India readily carried out all the most important conventions and in this they received the loyal support of the Bombay Millowners' Association. The Government of Japan, however, have failed to carry out the convention although their delegates at Washington had accepted them. The Hours Convention imposed a 57 hours week on Japan and a 60 hours week on India, and in connection with this fixing of hours of work in the case of the two countries, it is particularly interesting

conditions of building or machinery, etc. Such provisions are conspicuous by their absence in the Factory Act of Japan.

75. In India, there is also a very well-regulated system of inspection to ensure the strictest compliance by Factory owners with the provisions of the Factory Act. Heavy fines are imposed in cases of infringements. The Act also provides for the appointment of certifying surgeon by the Local Government and no child can be employed in any factory unless he is in possession of a certificate granted by the certifying surgeon, to the effect that he is not less than twelve years of age and is fit for employment in a factory. Again where a Factory Inspector is of opinion that a child employed in a factory is no longer fit for employment, he may serve on the manager of the factory a notice requiring that such child should cease to be employed until he has been re-examined by a certifying surgeon or by a registered practitioner authorised by a certifying surgeon in this behalf. There are no such conditions in force in Japan.

76. We have referred previously to the depreciated exchange of Japan which confers a considerable advantage on her export trade. It would however be not out of place to quote the opinion of an independent and authoritative journal like the 'Financial Times' of London. In an article in the issue of the 9th November 1925, it was stated :—

“Owing to the appreciation of the rupee-sterling exchange to a fraction over 1s. 6d. and the depreciation of the sterling-yen exchange from the 2s. par value to 1s. 8d. (approximately) the rate of the rupee-yen exchange is now Rs. 110 : 100 yen, as compared with the pre-war ratio of Rs. 150 : 100 yen, a depreciation of the yen in terms of the rupee of over 27 per cent. Although it may be argued that the Japanese exporter has to pay more proportionately for the raw cotton which he largely purchases from India, the latter represents only about 80 per cent. and 55 per cent. of the value of the finished products in the case of yarn and piece-goods respectively. Proof of alleged rebates and subsidies is obviously difficult to obtain, but the fact remains that exemption from the 10 per cent. consumption tax leviable on all textile manufactures in Japan is allowed if and when the goods are subsequently exported. That rebate and the exchange advantage are important factors in the successful competition of Japanese goods in the Indian market in spite of the incidence of the present rate of import duty on yarn and cloth.”

77. It may be further recalled that another independent authority, the British Trade Commissioner in India, Mr. Ainscough, in his last annual report stated :—

“The Japanese have been greatly assisted by the fall in the yen exchange. They were able to buy cotton in India, early in 1921 on the basis of Rs. 150—150 for 100 yen. They have since been making large shipments of both yarn and cloth on a basis of Rs. 115—120 per 100 yen, thus securing an advantage of 10—20 per cent.”

78. Lastly there are other indirect subsidies as regards freights, etc., in Japan which give further advantage to Japanese exports in competition with the manufactures of this country. Interested parties deny the existence of subsidies, but the following extract from the March number

of the Japan Financial and Economic Monthly affords conclusive evidence as to how the Government of Japan are subsidising steamship companies with a view to help the industries in developing their foreign trade :—

"It must be mentioned in this connection that with the falling of exchange, markets for our cotton goods have been extended to the Balkan Peninsula, Asia Minor, Africa, South America and Australia. The fact that a new service has been opened to the eastern coast of Africa by the *Ozaka Shoen Kaisha* at the *command of the Department of Communications* will surely contribute in no small degree towards assuring the permanency of the newly acquired markets in those quarters. It was announced some time back with a view to expand Japan's export trade in yarn, the Government of that country had granted a subsidy of 100,000 Yen to an East African Coast Service."

The underquoted paragraph from the "*Osaka Mainichi*" of 30th May 1926 also goes to show how the Government of Japan subsidise the Steamship lines :—

"It is understood that the N. Y. K. intends to build three vessels each of gross tonnage of 11,000 tons of the declared speed of 18 knots, with Diesel engines, costing about Yen 30,000,000 in all. The company is to raise the capital by issuing bonds at 8 per cent. interest. When completed, the vessels will be placed on the North American route, to make 17 trips a year. The company is to get a Government subsidy of Yen 2,850,000 a year."

79. The following extract from the '*Japan Chronicle*' dated the 8th April 1926, throws some much-needed light as to the kind of measures which the Japanese Government are adopting to encourage the development of the export trade of the country. The policy of the Japanese Government in this matter is in striking contrast to the 'laissez faire' policy of the Government of India :—

"The '*Asahi*' reports that the scheme of the Foreign Office to further Japan's economic development in Persia and the South Seas is making fair progress. The Supplementary Budget for the Fiscal year, 1926-27, includes an item relating to investigations into trade development in the South Seas involving Yen 21,200, and another item bearing on similar investigations in Persia and neighbouring countries to Yen 56,204. With regard to the investigations into economic conditions in Persia and neighbouring countries, it was started soon after Mr. Uchida, Ambassador to Turkey arrived at his post some time ago, and judging from the results of the sample exhibition of Japanese exports which was held at Constantinople, it is hoped that it is not altogether impossible for Japanese goods to be exported to the Balkans, Asia Minor, Persia, and Afghanistan to the amount of Yen 100,000,000 a year. At a conference on investigations into trade development, which is to be held at Constantinople for ten days from the 20th inst., it is expected that recommendations to be submitted to the Foreign Office will be considered and adopted. These recommendations will furnish valuable materials for reference for those Japanese traders who wish to export their goods to those

countries. In the meantime, the Government is contemplating establishing Consulates where they are required for trade purposes.

As regards trade development in the South Seas, the Foreign Office is to call in Tokyo a conference of Consuls appointed to Calcutta, Batavia, Singapore, Bombay, Sydney, Manila, Hongkong, Haifong, Saigon, Rangoon and Bangkok, at which will also be present the officials of the Departments concerned and businessmen chiefly interested in the South Sea trade. At this Conference, matters relating to Japan's economic development in those districts will be thoroughly studied."

80. It is a well-known fact that in Japan subsidies and bounties are given to industries in a variety of ways too subtle to be detected without access to official records and statistics. Recently, however, "an elaborate and most valuable report" on shipping and ship-building subsidies and monetary grants paid in Japan was prepared by Mr. R. Boulter, C. M. G., Acting Commercial Counsellor at Tokio. The Board of Trade Journal while announcing the compilation of the report by Mr. Boulter stated that it might be consulted at the Department of Overseas Trade. Efforts were made by a certain gentleman in London on behalf of this Association to inspect Mr. Boulter's report but he was not allowed to do so on the score that the report was confidential. It is understood that the Government of India, Department of Commerce, have received a copy but they have been also asked to treat it as confidential and it has therefore not been possible for them to let this Association have a copy.

The whole position in this respect appears to be quite anomalous. The question of the subsidies paid in Japan is one of vital importance when examining the nature of Japanese competition, and it is hardly right or fair that the parties most interested in the matter should be denied access to the valuable report prepared by the Commercial Counsellor at Tokyo.

81. We attach herewith correspondence which has taken place between this Association and the Japan Cotton Shippers' Association, Bombay (Appendix 3), also an article which appeared in 'Capital' written by the Japan Cotton Spinners' Association and this Association's reply thereto. (Appendix 4.)

The following extract from the International Cotton Bulletin, page 426, April 1926, is significant:—

"The Japan Cotton Spinners' Association has just published the dividend declarations of its 151 member mills for the first half of 1925, the dividends declared being averaged at the rate of 16 per cent. per annum. The highest earnings were made by one of the large companies which declared a dividend at the rate of 38 per cent. per annum for the period, while the smallest dividend declared was 5 per cent. by one of the smaller concerns."

This shows how the Japanese mills have thriven owing to their system of working. (*Vide* Table 21 which gives the profits of a large percentage of mills in 1924 and 1925.) The Japanese mills do not publish Profit

and Loss Accounts but only Balance Sheets. We attach also one copy of a statement issued by the Japan Cotton Spinners' Association giving particulars of the Japanese cotton spinning and weaving industry for 1924.

COST OF MANUFACTURE

Labour

82. The main factor which has contributed to the present increased cost of manufacture is the higher remuneration given to labour, for a smaller unit of work as compared with pre-war years. When dealing with the effect of the Government of India's currency policy on the industry, a passing reference was made to the increases in the wages given to labour, but in order to obtain a clear idea as to the extent to which the increased cost of labour has affected manufacturing costs, it is necessary to go into somewhat greater detail.

83. The figures of wages given in the two wage census tables prepared by the Bombay Labour Office throw some light on the question and copies of the reports on the 1921 and 1923 wage census are attached to this statement to facilitate reference thereto by the Tariff Board.

84. From 1898 until 1910 the exchange value of the rupee was steady at 1/1 and during the whole of this period the cost of production remained constant, wages remaining about the same level throughout these years.

85. Through the courtesy of one of the members of this Association it has been possible to prepare a comparative statement of the wages paid in the chief occupations in a cotton spinning and weaving mill, from 1910 until the present time, which may be taken as typical for the whole of the Bombay mill industry. These figures are given in table 22. The 1910 wage has been given an index number 100 in each case for convenience in estimating the extent of the increases in wages.

86. From this table (which should be compared with Table 23 giving the cost of living for Bombay) it will be seen that as compared with 1910 the wages of mill operatives in Bombay have increased by well over 100 per cent. In addition it must be remembered that during the period mentioned, the hours of labour for factory operatives have been reduced from 12 to 10. In addition to the above increases in wages, a bonus equivalent to one month's wages was given to operatives for five successive years from 1918 during the years when the industry made handsome profits. The total payment of the industry under this head being in the neighbourhood of Rs. 2½ crores, not to mention the additional advantages provided to workmen in the shape of free medical treatment, etc.

87. The major portion of this substantial increase in wages, as will be seen from the table, was given during the period from 1913—20, i.e., during the war and in the immediate post-war years in order to meet the increase in the cost of living.

88. With the fall in the cost of living since the end of 1920 (*see* Table 23) despite the fact that the industry has gradually fallen from prosperity, no reduction in wages has been made. As is well known, the decision to reduce wages last year led to a general strike lasting for nearly three months, and the cut in wages was restored when Government announced the suspension of the Excise Duty.

89. Whether wages will have to be reduced in the future depends largely upon the severity of foreign and more particularly Japanese competition. Reduction in wages is a step which the Association would be reluctant to take as may be judged from the fact that during the whole course of the Association's history no reduction has ever been made in the mills of Bombay City and Island as a whole.

MANUFACTURING COSTS

90. Dealing with the main items contributing to the cost of manufacture *seriatim*, the following remarks will throw considerable light on this subject.

COST OF COTTON

91. The cost of cotton really enters indirectly into the cost of manufacture, by reason of the fact that any increase or decrease in the price of the raw material affects the total value of the finished product and this alters the charges which have to be met by way of interest and insurance.

92. By the courtesy of one of the members of the Association who supplied particulars as to cost of production in 1914 and 1924, it is possible to give a fairly exact idea as to the total increase in the cost of cloth manufactured and the increases under each head of cost at the present time as compared with pre-war in one of the most economical mills in Bombay. These figures by no means represent the average for Bombay mills but are given merely to show the percentage of difference between manufacturing costs in 1914 and 1925.

The total cost of manufacture in 1914 in pies per lb. is shown in column 1 of the Table at the end of paragraph 104.

In column 2 is shown the total cost of manufacture in pies per lb. and the cost in pies of each separate item in 1924.

Column 3 shows the increase in price of each item of the cost of manufacture as compared with 1914.

COMPARING COLUMN 1 AND COLUMN 3

93. *Spinning Stores*.—In 1924 were on the average 45 per cent. higher than in 1914, or in other words cost nearly $1\frac{1}{2}$ times in 1924 what they did in 1914. A comparative statement showing the prices of certain articles included under the head stores is shown in Table 24.

94. *Mill wages*.—Wages for mill labour have increased on the average by 111 per cent., as compared with 1914. The price of labour has been

discussed in some detail in another portion of the Association's written evidence, but it would not be out of place at this stage to point out that in England the increases in wages rates to-day as compared with 1914 are as follows :—

Card Room	..86% increase	.. Universal list.
Frame Department	..86% ..	.. ..
Cop. Packing	..90% ..	.. Oldham and District List.
Ring spinning	..90% ..	.. ..
Firemen and Engineers		
(Time Rates)	..70% ..	.. ..
Weaving	..90% ..	.. Universal List.

The actual money wages earned have increased to a much smaller degree owing to the reduction in hours from 55 to 48 per week.

95. *Cost of Power.*—In the mill concerned, the increase in the cost of coal according to the figures in the Table was 87 per cent. In other words, power costs in 1924, coal being the source, were nearly double as much as in pre-war years. Where electric power is used the charge in 1915 was .55 annas per unit, the charge in 1924 was .725 annas per unit exclusive of the steam used for other purposes.

96. *Municipal Taxes.*—Municipal taxation has risen to nearly 2½ times the pre-war figure. (See also Table 25.)

97. *Insurance.*—Insurance charges have increased to over three times the pre-war figure owing to higher prices of cotton and machinery stores.

Since 1924, the Association has managed to obtain a 25 per cent. rebate on the premiums paid for fire insurance of fire proof mills.

98. *Office salaries and general supervision charges.*—This item constitutes a very small proportion of the cost of manufacture, but as compared with 1914, the increase has been 115 per cent.

99. *Agents' Commission.*—The amount paid as Agents' Commission was less in 1924 than in 1914. In many cases the agency commission has been nil or a nominal amount only for the last three years, as this commission in most of the Bombay mills is now paid on profits.

100. *Interest.*—The mill from which the figures were taken is in a particularly happy position compared with most other mills in Bombay City owing to the possession of large accumulated reserves, available for financing the purchases of raw material but even so interest charges in 1924 were about 116 per cent. more than in 1914 owing to the high value of all materials, particularly cotton.

101. *Commission on Sales.*—The commission on sales varies with the price of the finished product as it is based on the cost of the mill outturn. But selling agents have to guarantee the mills against bad debts of merchants and their financial risks are of course increased when the price of cloth is high.

Comparison of total manufacturing charges in 1914 and 1924

102. The total manufacturing charges excluding any charges for depreciation rose by nearly 100 per cent. in 1924 as compared with 1914.

There have certainly been slight reductions in the cost of stores during 1925 and 1926, but against this factor interest charges owing to the reluctance of the banks to lend money while the industry is depressed have been increased. In no other items can there have been any considerable changes and it is an indubitable fact that to-day the industry is saddled with a cost of production per lb. which is approximately twice the pre-war cost.

The possibility of decreasing production costs to any appreciable extent seems remote, and the rise in costs except as regards wages and salaries, has been due to factors outside the control of the industry.

103. When Sir Charles Innes recently visited the Association he maintained that one of the reasons for the present depression of the industry was probably that yarn and cloth prices had not come down to the same extent as the price of cotton.

His exact words are reproduced below :—

“What was really wanted before the industry could get into a really healthy condition was a reduction in the price of cloth, so that it might be more in relation to the general level of prices. There had been a reduction as shown by the index figures for December 1925 :—

Raw Cotton.	Cotton Cloth.	All Commodities.
158	233	163

But even so the price of cloth was still much too high, and since the effect of higher duties would be to send it higher still, it was doubtful whether those higher duties would be to the real advantage of the industry in the long run.”

104. Sir Charles Innes was at fault in regard to the index number for cotton cloth inasmuch as he took the Calcutta index number which included English cloth. Had he taken the index number for Indian cloth it would have been much lower. From the current quotations issued by the Millowners' Association, the price of Longcloth in July 1914 was 9½ annas and at the end of December 1925 17½ annas, which was equivalent to an index number of 184 in December 1925 and not 233 as stated by Sir Charles Innes. The price of Longcloth at the end of June 1926 was only 17 annas which corresponds to an index number of 179 (*vide* Tables 26 and 27).

Thus the fall in the price of Indian cloth while it has not corresponded fully with the fall in the price of cotton, is much more substantial than Sir Charles indicated, and moreover it would be impossible for it to fall

to correspond with the price of cotton while the cost of manufacture is still double that of 1914.

Cost of Manufacture

	1914.	1924.	Comparative cost in 1924 (cost in 1914 equals 100).
	Pics.	Pics.	
Coal	5.40	10.09	187
Stores	9.98	14.46	145
Labour	18.78	39.69	211
Office and Supervision	1.59	3.41	215
Fire Insurance .. .. .	.55	1.67	303
Municipal and other Taxes .. .. .	.61	1.57	257
Interest	2.62	5.06	216
Commission on Cloth	2.47	4.60	186
Excise Duty	3.86	9.35	242
Dyeing charges	2.36	4.40	186
Total ..	48.22	94.90	197
Agents' Commission	0.95	0.83	87
Income Tax and Super Tax .. .. .	.49	1.94	400
Total including Agents' Commission, Income Tax and Super Tax	49.66	97.67	197

Cotton cess and the town duty on cotton are not included in the above statement. The approximate cost of these two taxes works out at .4 to .5 pies per lb. The duty on stores is included in the cost of stores and is not shown separately. Duty on machinery is also not shown in the statement as this has been included in the cost of machinery as a capital charge.

THE INDUSTRY'S CONTRIBUTION TO THE REVENUES OF THE COUNTRY IN THE FORM OF TAXATION

Contributions to the Imperial Exchequer by the Industry

105. *Income Tax.*—The income-tax paid by *Bombay City and Island mills alone* during the last four years is as under : —

	Rs.
1922-23	1,38,48,567*
1923-24	71,26,890*
1924-25	17,20,195*
1925-26	7,69,195*

*Approximations made by the Income-tax Department.

From these it will be seen that the decline in the prosperity of the Bombay industry since 1922 has directly reduced the revenue of the country by more than Rupees 131 lakhs per year under the head of Income Tax alone.

In pre-war days income-tax was only 6 pies per rupee, but this has now been increased to $1\frac{1}{2}$ annas.

106. *Super Tax*.—Was not levied in 1914 on Companies or individuals, but in 1919 was levied on a sliding scale for individuals and at the fixed rate of one anna per rupee on companies and the figures of the super tax paid by Bombay mills during the last four years show the following contributions to Imperial revenue:—

				Rs.
1922-23	..	..	..	89,60,505*
1923-24	..	..	..	45,26,260*
1924-25	..	..	..	9,94,172*
1925-26	..	..	..	4,25,297*

*Actuals.

Here again the decline in prosperity of the Bombay mill industry has materially affected the Bombay Presidency's contributions to imperial revenues. The loss of revenue to the Imperial Exchequer under the head of super-tax has been no less than Rupees 85 lakhs in 1925-26, as compared with 1922-23.

To these figures of income-tax and super-tax paid by Bombay Mills must be added the large figure of the income-tax paid by the employees and super-tax paid by private individual shareholders, whose major source of income is obtained from the dividends received from mill shares, before an exact estimate can be made of the permanent loss which the revenues of the country would suffer by a continuance of the present depression in the industry.

Cotton Cess

107. The revenue which the Government derive from the proceeds of the cotton cess are devoted to the improvement of the Indian cotton crop and as such the tax is unobjectionable, but at the same time it is necessary to point out that it constitutes in the aggregate a burden on the industry, which did not exist in pre-war years. Since April last the original rate of 4 annas per bale has been reduced to 2 annas.

The figures below show the realisations from this tax during the last three financial years:—

	1923-24.	1924-25.	1925-26.
	Rs.	Rs.	Rs.
All India Mills ..	.. 4,49,445	5,12,615	5,01,528
Bombay Island Mills ..	.. 1,95,872	2,29,059	1,93,913

Import Duties on Stores and Machinery

108. It is somewhat difficult to estimate the contribution which the cotton mill industry of India makes to Government revenues in the form of duties upon stores, but an approximate estimate was made by this Association in a letter addressed to the Government of India in 1924—the relevant portions of which are reproduced in Appendix 5.

From this statement it will be seen that the contribution of the mill industry in the form of duties on mill stores is in the neighbourhood of Rupees 50 lakhs per annum. In addition, during the last five years the industry has contributed the following amounts to Government revenues in the form of duties on cotton textile machinery imports :—

		Value of machinery imported.	Duty at 2½ per cent. <i>ad valorem</i> .
		Rs.	Rs.
1920-21	..	3,67,38,510	9,18,462
1921-22	..	7,61,18,158	19,10,452
1922-23	..	8,49,00,681	21,22,515
1923-24	..	5,60,14,868	14,00,370
1924-25	..	2,67,60,961	6,69,022

The great bulk of this revenue will automatically disappear if measures cannot be concerted to restore the industry to prosperity.

It must be remembered that stores and accessories used by cotton weaving mills were until 1918 allowed to be imported free of duty, but the Government of India in that year, owing to serious deficits, levied these duties which now range from 2½ to 15 per cent.

Other Contributions to Imperial Revenues

109. Until December 1925, the industry contributed very substantially to Imperial revenues in the form of Excise Duty on cloth. In 1924-25 this duty amounted to Rs. 2,10,00,000. Since 1896, the total amount of revenue collected from the industry has been more than Rs. 20 crores.

110. *Municipal Taxation*.—In regard to Municipal taxation it will be seen that the Bombay mills are taxed extremely heavily.

The figures of the amount paid in the form of General Tax, Halalkhore Tax and Water Tax during the last few years shown in Table 25 will give some idea of the value of the industry to the City of Bombay and the great increase in taxation which the industry has to bear to-day as compared with pre-war years despite the fact that the number of cotton mills in the Island has not increased during the last ten years.

Incidentally it should also be mentioned that since April 1st, 1925, the charge for water, in spite of vigorous protests, has been increased to 16 annas per 1,000 gallons, a rate which is probably higher than in any large industrial centre in the world.

The chief reason for the great increase in revenue from General Tax and Halalkhore Tax is that since 1914, assessments have been increased by 87½ per cent. and in addition the rate of tax has also been raised from 9½ per cent. to 11½. These increased demands on the industry certainly cannot be justified in the present circumstances.

111. *Town duty on Cotton.*—In addition to the ordinary taxes mentioned above, the industry has to bear a further special tax of Re. 1 per bale on all the cotton consumed in the mills. The payments received from the Bombay mills from this tax, which amount to Rs. 10-12 lakhs per annum, is shared by the Development Department and the Municipality, and the object of the tax was the provision of cheap and satisfactory housing accommodation for the mill hands. The failure of the housing scheme, in the opinion of the Association, makes the continuance of this tax unjust, though from the correspondence, Government do not seem disposed to remove this unfair burden on the industry.

This tax was levied by the Government of Bombay under Sir George Lloyd for the express object of providing 50,000 one-room tenements for the mill hands of Bombay to be let to them at a rental not exceeding Rs. 5-8 per month.

The estimated cost of these rooms was Rs. 1,100 each, but only 16,000 odd rooms at a cost of Rs. 2,100 each have been erected and Government now demand rents of Rs. 6-8—Rs. 10 per room. Government failed to carry out their undertaking and are unable to let the tenements at these rates and their miscalculations have put this heavy additional tax on the industry.

It may be argued that this tax has also to be borne by India's foreign competitors, since all cotton exported from the port of Bombay has to pay the tax, but it should at the same time be noted that the tax can be and is avoided by them by exporting cotton from Karachi and other ports.

In addition to the abovementioned municipal taxes it must also be remembered that the industry contributes directly and indirectly a large proportion of the terminal taxes levied on goods entering Bombay and certain proposals have recently been made for considerably augmenting the revenue thus derived which, if approved, would place a still heavier burden on the industry. It is hoped that the Government of India will not sanction this proposal.

112. *Freights.*—The scarcity of freight space and the high rates demanded have been obstacles in the growth and the development of the export trade of the industry. In 1885, the Association, by combined action, succeeded in obtaining a reduction in freight on piece-goods and yarn to China with very marked effects on this export trade, but from the nineties, with the advent of the Japanese on the scene of action, with their subsidised lines of steamers, the position of the Indian mill industry again became difficult. The differential treatment meted out by the Conference lines as regards freight rates on cotton from Bombay to Japan and yarn and piece-goods to China had occasioned much adverse comment, and the whole position was well set out by

Mr. (now Sir) N. N. Wadia in a speech made by him at the Annual General Meeting of the Association held in March 1911 :—

"Allusions have been made in the report about the decline of your yarn export trade to China markets. I hope your Committee during the year will take an interest in this question and enquire into all the reasons of this decline. Our Chairman has to-day in his speech mentioned one or two special reasons for this decline, but another point to be considered in this matter is the question of freight charges on raw cotton taken from Bombay to Japan as compared to freight for yarn charged to Hongkong and Shanghai by the Conference Liners. I understand during the last month freight to Japan for raw cotton has been further reduced by them, standing at present at 8·3 rupees net for a ton of 40 cubic feet. Taking 100 bales of cotton measuring on an average 28 tons of 40 cubic feet, this freight works out to Rs. 2-5-0 per bale of cotton to Japan or Rs. 4-10 per candy. Now taking a candy of cotton to produce 677 lbs. of yarn this freight works out to Rs. 2-11-9 per bale of yarn of 400 lbs. In working this out, I have assumed that the spinning charges in Bombay and Japan are the same; and therefore the extra the Japanese mills have to pay is freight only on cotton. Adding to this Rs. 2-11-9, say, about one rupee per bale for carriage of cotton to the mills from the ship and back from the mill to the ship, and adding also the freight of yarn from Japan to Shanghai which equals to Rs. 1-8 per bale, and deducting a rebate equal to Rs. 2-4 per bale given by the Japanese to their shippers of yarn to foreign countries under 20s counts, this freight would work out to Rs. 2-15-9 per bale of yarn made of cotton taken from Bombay to Japan, spun into yarn and shipped back to Shanghai.

Against this the Bombay shippers have to pay freight for yarn to Hongkong at Rs. 12 and Shanghai Rs. 15 per ton of 40 cubic feet less Rs. 3 rebate. Taking this rate and 100 bales of yarn to measure 36 tons the net freight for yarn per bale to Shanghai works out to Rs. 2-15-9 and Rs. 3-3-10 to Hongkong against Rs. 2-15-0 for Japanese yarn in the Shanghai market. Bombay mills are at a disadvantage of Rs. 1-6-0 per bale or nearly $\frac{1}{16}$ anna per pound, and this specially when we consider that Conference Liners take our yarn a shorter distance and a cargo of yarn pays them better than a cargo of cotton due to better stowage, if the ship carries a full cargo of yarn only. This is curious anomaly, as you will see from this comparison. On the other hand the Liners complain that carrying yarn freight does not pay them, because the yarn shipments are so irregular, while they, under the agreement, are bound to provide a number of vessels per month, whether they get the full cargo or not.

Gentlemen, if this so, they have themselves to blame for it, because the direct encouragement which they have given to Japanese spinners by the extremely cheap rate of freight in cotton in the past years have enabled the Japanese to work up a trade in Shanghai in their yarns by this advantage in freight, as I have shown above, especially as their own yarns in their own market in Japan being protected by Tariff rates they are enabled to dump down the surplus production of yarn to

Shanghai at a cheaper rate, thus reducing the cost of the production of yarn for their own markets."

The position as described continues to this day.

113. These difficulties as regards freight space continued to hamper the development of the export trade in Indian mill-made goods, and thereby indirectly helped Japan whose subsidised steamers took cotton from India and brought yarn and piece-goods to India at very low rates. During the war these difficulties made themselves felt with special force, and in June 1917 the following cable was despatched by the Association to His Majesty's Secretary of State for India, but no steps were taken to save India's trade with China from being ruined by Japan :—

"Committee Bombay Millowners' Association desire to call attention to very serious position that has arisen through shortage of freight space of Indian yarn to China. Until recently two sailings of P. & O. and two of Japanese line monthly have been available but Japanese steamers now taking cotton exclusively for their own use besides occupying space in P. & O. steamers. Moreover the P. & O. state owing Government requirements they are unable to despatch more than one steamer monthly and even this doubtful. As consequence stocks yarn accumulating in India and if immediate steps be not taken to afford relief, mills in India must close down involving loss of employment to many thousands mill hands. Further Japanese have excellent opportunity of killing Indian yarn trade in China which has been built up through good and bad times by British merchants and this trade once lost can never be regained. Respectfully suggest P. & O. be instructed to take Indian yarn to China to exclusion of cotton for Japan which might reasonably be compelled to be shipped in Japanese bottoms. Considered essential if British Empire trade interests are to be protected that at least two British steamers should be made available monthly for Indian yarn for China markets. Respectfully submit this matter is of greatest urgency and importance and deserves full weight of your influence."

The reply received was very unsatisfactory and was to the effect that there was no objection on the part of the shipping controller to preference being given to shipments of Indian yarns to China by the vessels of the P. & O. Company, but that in view of the seriousness of the tonnage situation, the shipping controller was not hopeful of being able to provide additional freight for these shipments.

Had greater facilities been available in the matter of freight during the war, the export trade might have been maintained. Japanese millowners, however, took full advantage of the shipping facilities granted to them and pushed their goods in different foreign markets.

114. There can be no doubt that difficulties in obtaining freight space and the high rates of freight constitute a serious stumbling-block in the development of export trade in Indian yarn and piece-goods. It is also well known that one of the greatest helps the Japanese get is in the way of cheap freights, which enables them to get a foothold in foreign

markets where without similar facilities it is difficult for Indian mills to export their goods. It is unfortunate that this Association has not been able to obtain the exact nett freight rates from Osaka to different foreign markets, so that it might be possible to compare these rates with the freight rates from Bombay. It is also well known that rebates, etc., are given to Japanese in a variety of ways, and even if the freight rates from Osaka to different centres were known, it would be difficult to make out the exact rebates which the Japanese get either directly or indirectly.

In Table 28 we give the freight rates on cotton yarn and piece-goods from Bombay to different countries. An indication of the advantage enjoyed by the Japanese is afforded by the freight rates for cotton from Bombay to Osaka as compared with the general level of freight rates to other foreign markets. It is obvious from these figures that no industry which has to pay such abnormal freight charges for exporting its goods to foreign markets can hope to build up a healthy export trade such as India with its favourable geographical position might legitimately hope for. It is doubtful if any industry of the magnitude and importance of the cotton mill industry of India is handicapped in the same short-sighted manner as the Indian industry has been all these years. It is the considered opinion of the Association that a substantial reduction is called for in the freight rates if the export trade in Indian yarn and piece-goods is to be developed so as to bring prosperity to the industry as well as to the whole country.

It should be also stated that the railway freight has gone up since the war and the following table will indicate the extent of this increase since 1914 :—

Articles.	Station.	Route.		Conditions.	Rate per Maund for 1926.
	From	To			
					Rs. a. p.
Cotton, full-pressed ..	Almedabad ..	Bombay	(Carnar. Bridge).	R. R.	1 1 1
Piece-goods, cotton or woollen, in bales, press-packed, etc.	Bombay (Car- nar. Bridge).	Delhi Sadar ..	O. R.		2 0 3
		Cawnpore ..	O. R.		2 5 2
		Amritsar, via ..	O. R.		2 0 4
		Kolha- pura.			0 5 0
					B. R. N. W. R.
					<hr/>
					2 14 10 Total.
	Almedabad ..	Bombay ..	O. R.		1 1 1
					for 1914.
Cotton, full-pressed ..	Almedabad ..	Bombay ..	O. R.		0 0 3
		Delhi Sadar ..	R. R.		1 15 7
Piece-goods, cotton or woollen, in bales, press-packed, etc.	Bombay ..	Cawnpore ..	R. R.		1 14 1
		Amritsar, via ..	R. R.		2 1 11
		Kolka- pura.			0 4 0
					B. B. N. W. R.
					<hr/>
					2 0 5 Total.
	Almedabad ..	Bombay ..	R. R.		0 11 1

Japanese Penetration in Indian Export Markets

115. We will here give one or two illustrations to show how Japan with all the facilities she enjoys, is able to make very satisfactory headway with her export trade in yarn and piece-goods with different countries while India is losing ground.

We will first take Persia. The following are the figures of imports into Persia of cotton yarn from India and from Japan during the Persian years ending 21st March 1924 and 21st March 1925, from which it will be noticed that India lost ground to Japan who only entered this market recently :—

	Year ending 21-3-1924.		Year ending 21-3-1925.	
	Weight in Batmans.	Value in Krans.	Weight in Batmans.	Value in Krans.
India	403,671	96,79,139	315,531	87,19,669
Japan	67,030	19,11,145	110,578	10,86,115

The imports of yarn from Japan were double the imports of the previous year, while Indian imports fell by more than 58,000 Batmans, equivalent to nearly 600,000 lbs.

116. Again, a study of the sea-borne trade of the Commonwealth of Australia reveals the paucity of the trade in yarn and piece-goods between India and Australia, but it is noteworthy that Japan has managed to obtain a fairly large trade in grey goods, cotton tweeds and dyed goods as will be seen from the following table :—

Article and country of origin.						1922-23.	1923-24.
						Value in £.	Value in £.
<i>Grey, unbleached</i>							
India .. .. .	..	..	..	..	..	331	6
Japan .. .. .	..	..	..	..	..	151,055	151,372
<i>White, bleached</i>							
India .. .. .	..	..	..	..	..	36	121
Japan .. .. .	..	..	..	..	..	36,264	30,123
<i>Dungaree, denims, moleskins and corduroys</i>							
India .. .. .	..	..	..	..	..	95	....
Japan .. .. .	..	..	..	..	..	323	1,632
<i>Cotton tweeds</i>							
India .. .. .	..	..	..	..	..	....	....
Japan .. .. .	..	..	..	..	..	74,862	6,193
<i>Dyed or printed</i>							
India .. .. .	..	..	..	..	..	2,381	1,616
Japan .. .. .	..	..	..	..	..	328,623	206,982

Article and country of origin.	1922-23.	1923-24.
	Value in £	Value in £
<i>Cotton, Machine-made (Yarn)</i>		
India	715	.....
Japan	.....	.....
<i>Cotton (Yarn)</i>		
India	1,532	1,606
Japan	1,158	9

117. A more striking illustration is afforded by Kenya to which market Japan exports the largest quantity of unbleached goods. The following figures indicate the value of goods imported into Kenya from different countries in 1922, 1923, 1924 and 1925:

Description of articles of import.	1922		1923		1924		1925	
	Value in £	Percentage of total	Value in £	Percentage of total	Value in £	Percentage of total	Value in £	Percentage of total
<i>Textiles</i>								
Cotton Textiles	24,440	6	27,777	4	2,127	1	6,184	2
Unbleached Cotton	24,440	7	27,777	28	24,323	6	21,374	22
Woolen	.....						
Artificial					127		120	
China					1,120		1,141	
Germany	50				427		121	
Holland	1,121		41		140			
Italy	1,428		2,126		1,200			
Japan	10,127	10	27,777	27	1,804	6	225,215	55
Sweden	1,121							
U.S.A.	21,121	21	20,121	10	68,120	15	85,206	21

India is situated in a much more favourable geographical position and has direct steamer connection with Mombassa, and yet it will be noticed that Japan has a much larger share of the trade with Kenya, owing to the accumulated advantages she possesses to which must be added the further advantage due to the change over in the basis of the currency in Kenya.

118. British Malaya affords another striking illustration of how Japan is stealing a march over India in foreign markets. From the statistics of 1924, it appears that in plain goods the proportion of Indian imports was less than 2 per cent. and in dyed goods less than 1 per cent. Japan, who only entered the market recently has four times as much trade in plain, and more than 25 times as much in dyed goods as India.

119. Altogether Japan exported cotton cloth in 1925 to the quantity of 905,339,053 yards and the value of Yen 274,113,039, an increase of 160,000,000 yards and Yen 56,000,000 respectively over the previous year. The following tables showing the value of cotton goods exported from Japan to different countries in 1922, 1923 and 1924, bear ample evidence to the tremendous strides Japan is making in her export trade :—

Article.	Exports.		
	1924.	1923.	1922.
<i>British India</i>	Yen.	Yen.	Yen.
Yarn	35,954,637	20,511,884	20,666,783
Cotton fabrics	47,114,486	36,551,083	33,567,336
Hosiery	5,739,404	5,069,294	3,819,379
<i>Straits Settlements</i>			
Cotton fabrics	7,069,098	6,048,085	5,892,104
Cotton blankets	459,907	420,755	....
Hosiery	490,877	577,685	410,096
<i>Dutch Indies</i>			
Yarn	2,533,052	1,361,454	....
Cotton fabrics	37,153,420	22,534,601	24,938,651
Cotton blankets	139,457	81,072	....
Hosiery	1,233,130	1,081,254	897,092
<i>Philippine Islands</i>			
Yarn	669,935	771,632	910,275
Cotton fabrics	7,190,080	5,398,878	3,452,610
Cotton blankets	250,825	95,539	....
Hosiery	4,451,527	2,701,090	2,801,365
<i>Siam</i>			
Cotton fabrics	1,574,976	1,432,448	12,362,544
Cotton blankets	418,757	375,843	....

ALLEGED OVER-PRODUCTION

120. One of the arguments brought forward to explain the present depressed state of the industry is that there has been over-production of piece-goods by Indian mills. We give below the figures of production from 1907-08, from which it will be noticed that the increase in production has been quite normal and gradual :—

Year.		Year.		Year.	
1907-08	808.2	1913-14	1,161.2	1919-20	1,640.0
1908-09	824.2	1914-15	1,135.7	1920-21	1,559.7
1909-10	963.8	1915-16	1,441.4	1921-22	1,731.7
1910-11	1,042.6	1916-17	1,578.6	1922-23	1,725.1
1911-12	1,136.0	1917-18	1,614.1	1923-24	1,761.3
1912-13	1,229.3	1918-19	1,459.7	1924-25	1,97.3

(Quantity shown in millions of yards.)

The production appears to have taken a big jump in 1924-25, as compared with the figure for 1923-24, but it must be remembered that in 1923-24, there were general strikes in Bombay and Ahmedabad and therefore a serious curtailment in production.

The position with regard to the increase in the production of Indian mills can be easily explained.

In the first place the expansion has been small compared to the growing needs of a vast and steadily growing increasing population.

In the next place the expansion may be regarded as less than might be reasonably expected when the fact is taken into consideration, that India supplies only half of the local requirements of her population and has a considerable leeway to make up.

Thirdly, India has every right to try and meet the full requirements of her own home market and it is a natural aspiration for her to try and develop her industry until that position is attained.

Fourthly, the expansion of the weaving side of the industry was necessitated in the first instance through loss of the China market which compelled India to instal more and more looms in order to make up for the loss.

The conclusion to be drawn from these facts is that if India were protected in her home markets against unfair competition and placed on terms of equality with competing countries in foreign markets there would be no talk of over-production. The situation with which the industry is faced to-day would not have arisen, and India would be able to occupy a position which her vast home market and her favourable geographical position would entitle her to expect.

121. If we put out of consideration the production from hand-loom, then the imports of piece-goods *plus* the quantity of Indian piece-goods less the total exports of piece-goods will represent the quantity actually placed on the Indian markets, and the following figures indicate that the contention that there has been a production in excess of the demands of the Indian Market is fallacious.

	Yard.		Yard.		Yard.
1907-08	.. 3,202.3	1913-14	3,173.3	1919-20	2,418.7
1908-09	.. 2,883.3	1914-15	3,352.6	1920-21	2,882.6
1909-10	.. 3,610.8	1915-16	3,465.3	1921-22	2,387.1
1910-11	.. 3,153.1	1916-17	3,128.8	1922-23	2,707.1
1911-12	.. 3,417.0	1917-18	.. 2,553.4	1923-24	2,104.1
1912-13	.. 4,035.0	1918-19	.. 2,235.2	1924-25	2,203.1

In millions of yards.

inaugurate a policy of helping the industry in every possible way to develop trade with those parts of the globe where cotton is not grown and where there is no cotton textile industry. The Japanese mill-owners are said to be given special banking and freight facilities and moreover the Japanese Government send special investigators to different parts of the world to ascertain the exact requirements of and the possibility of developing trade with these parts. The Government of India will be doing inestimable service to the cotton mill industry of the country if they will copy the example of Japan in this respect and take every possible measure to encourage the trade in Indian yarn and piece-goods with other countries.

123. There is still a demand for yarn in China, but the difficulties as regards freight and exchange coupled with the unfair competition from Japan make it well nigh impossible for the Indian mill industry to re-obtain a footing there. If adequate assistance from Government were forthcoming to remove these handicaps, a great step forward would have been taken in restoring the industry to a healthy state.

SUMMARY OF ASSOCIATION'S CONCLUSIONS

124. In the foregoing pages, we have tried to explain the genesis and history of the cotton mill industry, how it has risen from small beginnings in 1854 to its present pre-eminent position as the most important industry in India. We have also endeavoured to trace the various vicissitudes through which the industry has passed and the various difficulties it has had to encounter in its existence of nearly 70 years in order to give a clear idea to the members of your Board as to the factors which have led up to the present difficulties of the industry. We have also shown that the position of the cotton textile industry in India, especially in Bombay, is not a happy one. We have examined the causes of the depression and set them out at some length in the foregoing pages. We now summarise these causes.

1st.—The prosperity of the Bombay mill industry has been seriously affected ever since the Government of India changed the silver basis of the currency by closing the mints in 1893 and tried to work on a gold parity. The closing of the mints in 1893 must be taken as the first legislative measure which really seriously affected the industry; it directly affected our export trade in yarn to China and encouraged the Japanese to start their own mills in Japan and later on in China itself. Up to that year, as we have previously stated, the Indian mills were chiefly engaged in spinning yarns for the China market and the loss of the export market to China necessitated the installation of more looms from time to time because the export trade in yarns to China became unprofitable. This first currency legislation was the precursor of further currency management by the Government of India in 1919 when the 2/- ratio was adopted and efforts were made to retain the sterling value of the rupee at that figure. In spite of all Government's efforts in this regard the sterling value of the rupee fell rapidly until it reached 1/0 1/4 gold but during the last two years Government have succeeded in raising it to 1/6 gold. Until four years ago, Japan also having a gold basis, had an exchange parity

of 2s. 0 5/8d. per yen which was equivalent to Rs. 153 per 100 yens at 1/4 exchange. After the earthquake of 1922 the Japanese exchange fell from 2s. 0 5/8d. to 1s. 7 3/16d. This reduced the yen exchange in terms of rupees to as low as Rs. 108 per 100 yen and during the last three years the principal advantage Japan obtained was through this drop in the Rupee-Yen exchange which enabled her to jump down large quantities of piece-goods and yarn in the Indian markets in competition with the Indian mills. We have shown by tables how the yen exchange at any given price of Broach enables the Japanese, even when working single shift, to compete up to the point of 145 Rs. per 100 Yen irrespective of all other advantages. Therefore we submit that one of the main causes of our present difficulties can be put down to the depreciated exchanges of foreign countries especially Japan. Italy also owing to her depreciated exchange is at present in position to put increased quantities of piece-goods on the Indian market, and in Egypt, the Levant and other markets.

2nd.—The second difficulty we have to point out is that the competition the Indian mills are suffering from is not fair owing to the Japanese mills being allowed to work two shifts for 20 hours a day and to employ women and children at night. The Government of India on the other hand have practically restricted the mills to 60 hours working a week by prohibiting the employment of women and children at night, for as there is difficulty of obtaining labour here, it is practically impossible to work double shift in Bombay.

3rd.—We have also shown that the wages in the Bombay mills have increased to a greater extent than the cost of living and are in some instances $2\frac{1}{2}$ times the pre-war figure. Labour charges in the Bombay mills constitute the largest item in the cost of manufacture, and if this charge be not reduced in conformity with the fall in cost of living, then the millowners are at a loss to know how to reduce their manufacturing costs further having made all other reductions possible.

4th.—We have also shown that the development of the industry is being retarded by excessive taxation. Income-tax which used to be levied at 6 pias in the rupee is now charged to companies and individuals over a certain income at the rate of over $1\frac{1}{2}$ annas in the rupee. There was no super-tax in the pre-war days, but in 1919 this tax was levied on a sliding scale on individuals and at a flat rate of one anna on companies. There was also no cotton cess until 1923. Import duties on machinery and stores of cotton weaving mills were not levied until 1918, but in that year the Government of India owing to the serious deficit levied duties which have since risen to $2\frac{1}{2}$ per cent. on machinery and 15 per cent. on all stores, like sizing ingredients and other accessories.

Up to December last, excise duty was levied on the industry and this brought to the Government of India an annual revenue of something like 2 crores of rupees. The industry has to make further contributions to Provincial revenues in the shape of increased stamp duties and pays a tax of one rupee per bale as town duty on all cotton brought into Bombay. Municipal taxation has been trebled owing to mill assessments having been increased by $87\frac{1}{2}$ per cent. since 1912, the rate of general tax having

been increased from $9\frac{7}{8}$ per cent. to $11\frac{1}{2}$ per cent., halalkhore tax of $3\frac{1}{4}$ per cent. being levied on the higher assessment, and an enhancement of the charges for water from 8 annas to 16 annas per 1,000 gallons. Although all these items of taxation paid to the different bodies may appear to be small, the sum total constitutes an appreciable figure in the cost of manufacture of yarn and cloth.

125. These, in the opinion of our Association, are the main causes which have led to the present depression in the Bombay industry. In the opinion of our Association they are of a permanent character because as long as the Government of India maintain exchange at 1s. 6d., and foreign countries employ women labour at night and work double shifts of 20 hours a day, and the existing labour charges in India cannot be reduced, and taxation is not reduced, the industry is bound to be affected permanently.

126. We have shown to what extent the present depression is due to the competition of foreign countries especially Japan in the Indian market and in the export markets which the Indian mills used to enjoy.

127. We have also endeavoured in the previous pages to show that the industry is of paramount importance to India. The industry has made very large contributions to the revenues of the country in prosperous years and it employs a very large number of people at a rate of wages higher than what is generally prevalent in any other industry in India. The Association therefore maintains that the industry should be protected by Government in some way.

128. The question, therefore, your Board will have to consider is what form and to what extent protection should be given to overcome the four main handicaps from which the Indian cotton textile industry is suffering. To overcome the first handicap, i.e., the difficulties brought about by the currency policy, we suggest as in certain other civilized countries where competition exists from foreign countries owing to depreciated exchange that a proportionate increased duty be levied on goods from that country equal to the depreciation of exchange of that country. On this basis when the Japanese exchange fell in India from 153 to 108, if our industry had been protected in proportion by the imposition of a 15 per cent. extra import duty, the present position would not have arisen. At present the exchange is 129 instead of 153, the normal exchange before the war, and therefore, the protection which ought to be given to the industry at the present time should be something like 8 per cent. if we reckon the cost of cotton as 50 per cent. of the cost of manufacture.

129. *Protection against countries where cotton mills work double shifts with female and child labour*—It is very difficult to ascertain the exact advantage the Japanese mills obtain by the employment of women and children at night, which makes double shift working possible. It has been stated by competent authorities that the advantage is something in the neighbourhood of 5 per cent. owing to reduction in interest charges, supervision charges and general working expenses without taking into account the gain in wages obtained by the employment of females or

night work. It can be shown from the table given in paragraph 104 that in an Indian mill supervision charges of 3·4 pies, fire insurance charges of 1·67 pies, Municipal Taxes of 1·57 pies, and half the interest charges amounting to 2·83 pies, can be saved by double shift working or in all 9·47 pies per pound in a total cost of 97·67 pies per pound, *i.e.*, 10 per cent. approximately or 5 per cent. on the whole cost of cloth with cotton at its present price.

130. The Imperial and Provincial Governments as well as the Municipal authorities should in the opinion of the Association make every possible effort to reduce taxation to the lowest possible limit by cutting down their expenditure. As a first step the duties on machinery and mill stores should be abolished. These duties are inconsistent with the dictum of the Fiscal Commission that raw materials should ordinarily be admitted free of duty as this was an obvious principle of general acceptance in protectionist countries. The company super-tax which has been a hindrance to the development of the industry and is a conspicuous form of double taxation should also be abolished. The town duty of Rupee 1 per bale should also go. The Government of Bombay have not carried out the undertaking given by them that they would build 50,000 rooms for the millhands of Bombay and let them at Rs. 5-8 per room. The extravagance of the Bombay Development Department in this matter is under investigation, and we do not therefore wish to make any further remarks here save to state that the tax is hampering the industry and also making the port of Bombay a very dear port in comparison with other ports (see memorial from the Bombay Chamber of Commerce to the Government in this respect). The Government of India in the opinion of the Association might further assist the industry to return to prosperity.

(a) by reducing railway freights on Indian mill-made goods to Calcutta, Delhi, Cawnpore, Lahore, Amritsar and other piece-goods and yarn markets,

(b) by negotiating with the steam ship companies with a view to reducing the shipping freights from Bombay to Madras, Calcutta, Singapore, Basra, Zanzibar, Mombasa, Port Said and the Levant and all other export markets. At present, the Association is at the mercy of the shipping lines, and they will not consider any representation by us in this behalf. The Government of India might well follow the example of Japan in this respect and subsidise their shipping lines to enable them to quote cheap rates to the merchants with a view to increasing the export trade,

(c) by appointing Trade Commissioners, like Japan in various countries to assist the industry in the export trade,

(d) and lastly by adopting a scientific tariff so that the goods which Indian mills can manufacture and supply to India shall not be open to unfair competition from foreign competitors.

131. As we have shown the industry is handicapped to the extent of 5 per cent. on account of exchange and an additional 5 per cent. on account of double shift working made possible by the employment of

female labour at night in regard to our most serious competition. The industry thus requires in order to place it in an equal position with foreign countries in respect of the cost of manufacture additional protection equivalent to 13 per cent. and further additional protection to enable the mills to make the necessary allowances for depreciation to plant and machinery. It may be argued that the raising of the import duties might raise the price to the buyers. The answer to that argument is that there are no less than 337 mills in India to compete against foreign other and to establish equitable prices. The buyers were satisfied by foreign competition of a cut throat character stimulated by depreciation. The exchange came in, and the disappearance or the reduction in the intensity of this competition by an enhancement of the import duties will not overturn the economic laws of supply and demand. This is conclusively proved by the past history of our taxation. The raising of the import duties to 11 per cent. did not raise the price of cloth nor did it in fact check its consumption.

132. It is the considered opinion of the Association that if the sterling exchange were brought down to 1s. 4d. Gold and Japanese Mills were made to work one shift not employing women and children at night, then the industry could stand on its own legs and would not require protection. It is a curious phenomenon that all the important industries of this country, viz., Sugar, Cement, Iron and Steel and Leather suffer much from the exchange policy of the Government of India and have asked for protection. In the opinion of the Association while the Government of India might be able to save Three Crores of Rupees by keeping the exchange at 1s. 6d. they are losing far more by having the industries of the country in a crippled state and not being able to pay income-tax and super-tax, and as long as artificial management of exchange is continued by the Government of India, the industries of the country will have to be protected to get over their difficulties.

133. In conclusion we most emphatically state that our industry has been treated as a Cinderella. The slogan of the Government of India during the industry's seventy years' existence has been "when in want of money tax the cotton industry". Acts and measures have been passed and changes in exchange policy have been made without the slightest reference or slenderest regard to their bearing on its well being till to-day the industry stands in danger of immediate collapse unless needful and speedy succour is rendered. The future of the cotton industry rests on the findings of your Board and a speedy execution of them by the Government of India. The Association trust that now the hour for action has struck neither will fail them.

I have the honour to be,

Sir,

Your most obedient servant,

T. MALONEY.

Secretary.

APPENDIX I

JAPANESE FACTORY ACT

(Law No. 46 of 28th March 1911, amended March 1923)

Art. I. This law shall apply to factories coming under one of the following heads :—

(a) At present employing ten or more operatives.

(b) When the nature of the industry is a dangerous one, or where there is a fear of it being injurious to health. Factories in which the application of this law is unnecessary may be exempted by Imperial Ordinance.

Art. II. (Deleted and replaced by the Industrial Workers' Minimum Age Law.)

Art. III. Factory owners shall not be permitted to employ in their workshops for more than eleven hours a day lads under sixteen years of age or females.

The competent Minister may, during a period of fifteen years from the enforcement of this law, prolong the working hours mentioned in the preceding paragraph according to the kind of work, but this extension must not exceed two hours.

Where the factories are operate the total working hours shall be calculated by applying the provisions of the two preceding clauses.

Art. IV. Factory owners shall not be permitted to employ between the hours of 10 p.m. and 5 a.m. youths under sixteen years of age or females. When, however, the sanction of the Government authorities has been obtained operatives may be employed to 11 p.m.

Arts. V & VI.—Deleted.

Art. VII. Factory owners shall grant at least two holidays each month to youths under sixteen and females and shall grant during working hours a recess of at least 30 minutes when the hours of work exceed six, and of at least one hour when the hours of work exceed ten.

The recess specified above shall be granted in general except, however, in cases where official sanction has been obtained.

When owners grant a recess exceeding one hour in the summer they may after obtaining official sanction extend the working hours by not more than the excess of the recess. Such extension, however, shall not exceed one hour.

Art. VIII. In cases of necessity owing to the occurrence of some natural calamity, or accident, or owing to the fear of some accident, the competent Minister may suspend the application of the provisions of Arts. III & IV and the preceding article with limitations as to the nature and district of the industry.

In cases of urgent necessity due to unavoidable circumstances the factory owners may, with the permission of the administrative authorities for a limited period, extend the working hours regardless of the provisions of Art. III, or employ females over 16 regardless of the provisions of Art. IV, or stop the holidays mentioned in the preceding article.

In cases of urgent necessity, factory owners may extend the working hours within a limit not exceeding two hours for a period not exceeding seven days per month, notifying the administrative authorities beforehand in each case.

In industries where the press of business depends upon the season, factory owners may, during a fixed period, having previously received the sanction of the administrative authorities, extend the working hours within a limit not exceeding one hour, provided that during this period the proportion of 120 days per annum is not exceeded; in these cases, during the period for which sanction has been received, the provisions of the preceding paragraph do not apply. However, in case where it is necessary to prevent the loss of raw materials of substance which might perish or deteriorate quickly, official sanction shall not be necessary within the limits of four consecutive days and seven days in all in one month.

Art. IX. Factory owners may not employ youths under sixteen years of age or females upon the work of cleaning, oiling, inspecting or repairing machinery in motion, or the dangerous sections of arrangements for the transmission of motive power or of fixing or removing straps of belts from machinery in motion or arrangements for the transmission of motive power; or other dangerous work,

Art. XXI. Any person who without just cause refuses to allow, obstructs or evades the competent officials' inspection or who does not answer their questions or gives false answers or who obstructs the examinations of the workmen or apprentices shall be punished by a fine not exceeding 500 yen.

Art. XXII. A factory owner or a person taking the place of a factory owner under Article XIX, shall not be exonerated from punishment for any breach of this law, or orders issued on the basis of this law or any disposition made in accordance therewith by his representative the head of his family, a member of his family, a person living in the same house, an employee, or any other person engaged in the business, on the ground that such breach was committed without his instructions. But, as regards a factory superintendent, where he has exercised proper care, this clause does not apply.

A factory owner, or a person taking the place of a factory owner under Article XIX, shall not be exempt from the punishment of this law on the ground that he was not aware of the age of the operatives. However, cases where no fault is attributable to the factory owner under Article XIX, or the manager, do not fall under this heading.

Art. XXIII. Persons who are dissatisfied with the procedure of the administrative authorities under this law may lodge an appeal when their rights have been unlawfully injured they may lodge a civil appeal against the authorities.

Art. XXIV. The competent Minister may apply the provisions of Articles IX, XI, XIII, XIV, XVI and XVIII to XXIII to factories which do not fall under Article I, but which employ motive power.

Art. XXV. This law, and orders issued on the basis thereof, shall, with the exception of the provisions and penal clauses relating to factory superintendents, apply to Government and public factories.

As regards Government factories, the authorities having jurisdiction shall perform the duties of the administrative authorities under this law or orders issued on the basis thereof.

SUPPLEMENTARY

The date of the enforcement of this law shall be determined by Imperial Ordinance. For three years after the enforcement of this law, the words "sixteen years" in the law shall be read as "fifteen years".

In cases where workmen are employed in two or more shifts the provisions of Article IV shall not apply for the three years following the enforcement of the law.

In cases where youths of less than fifteen and females are employed in accordance with the preceding paragraph, at least four holidays a month shall be granted and the working hours shall be changed after every period of not more than ten days.

APPENDIX 2

Labour conditions in Japan—impressive need for reform

"One of the main grievances of the cotton mill industry of India is that, although Japan accepted the Convention adopted by the International Labour Conference at Washington in 1919 regarding hours of work, she has failed to ratify it, and Japanese mills are to-day working twenty-two hours a day in two shifts, and women and children are employed at night on very low wages. This enables Japanese mills to keep their manufacturing costs at a comparatively low level, and in view of this, and other circumstances such as depreciated exchange, etc., Japanese competition has come to be looked upon as grossly unfair in its nature. It is regrettable that Japan should have been so considerably behind other industrially advanced countries so far as her treatment of labour is concerned. But it is not merely that the labour conditions prevailing in Japan give unfair advantage to the cotton mill industry of that country in competition with the manufactures of India—and, it may be added, also of Lancashire; but humanitarian considerations also require that the Governments of all civilized countries and the International Labour Office should bring pressure to bear upon the authorities in Japan to make that country toe the line with other civilized countries so far as treatment of labour is concerned.

METHODS OF RECRUITMENT

"In the first place, the Japanese millowners and other employers recruit labour in a manner which is devoid of all ethical and moral considerations, as is evidenced by the article on the subject in the October issue of the 'International Labour Gazette' from the pen of Shunzo Yoshioka, Director of Factory Inspection.

"It is estimated that nearly 300,000 men each year move about throughout the country recruiting work-people for factories, mines, and other public works. The recruits come from the lowest strata of society, and such are the nefarious ways they pursue in inducing women to join factories, etc., that they are dreaded wherever they go. In order that we may not be accused of exaggeration or misrepresentation we reproduce the words of the Japanese authority named above:—

"The principal cause of the difficulty in recruiting women workers can be laid at the door both of the recruiting agent and of the factory owner. Excessive hours of work, low wages, night work, congestion, restricted freedom—the conditions of the past no doubt all have a hampering effect on effort to recruit women. In addition to these (if one may cite the exaggerated reports which are sometimes received) the irresponsible promises of the recruiting agents, given simply to entice the women to work, the disgraceful manner of their persistent attempts to persuade them, their violent and insulting acts, and other injustices have had a decidedly negative influence. Again, the country folk see many sudden changes in their friends and receive bitter disillusionments; they hear of the risks to life and health in factory work; an innocent country girl, who left home full of health and vigour soon returns with wrecked health and haggard face, or new comers of her utter moral ruin and degradation. It is said that in extreme cases 50 per cent. of the newly recruited women workers drop out within a month after they are engaged, and that a district is 'worked out' for recruiting purposes within seven years'..... 'It is said that if a man had a daughter, no matter if he lives in the remotest island village he will have five or six recruiting men visiting him every day. They call on him not only at home but in the field if he is working there. Some people have been driven to post notices at their doors with the statement 'NO DAUGHTER FOR FACTORY WORK IN THIS HOUSE,' to keep off the importunate recruiters.....' There is keen competition in securing workers, various methods—sometimes questionable—are adopted to bind the workers, until ethical rules are forgotten.

"It appears that some time back an Ordinance was introduced nominally with the object of controlling the system of recruitment, but in reality it only legalizes this degrading system which undoubtedly constitutes a blot on modern civilization.

UNSCARED FOR WORKERS—

"If we now turn to actual labour conditions as prevailing in Japanese factories, etc., we again find a very disquieting state of things as will be seen from the following extract taken from the Japan Year Book:—

"An inquiry made by the Department of Agriculture and Commerce in April 1919 into the living and dietary conditions of workmen in 534 spinning, weaving and dyeing factories throughout the country has made an interesting disclosure. The bulk of the

workers are females and are accommodated in the factory boarding houses, where they are chiefly fed with boiled rice in 43 per cent. of the total number of factories. In the other factories the staple food is poorer, the rice supplied being mixed with cheaper barley, millet or sweet potatoes in the proportion of from 20 to 50 per cent. In most cases subsidiary dishes consist of vegetables, meat or fish being supplied on an average only eight times a month. In exceptional cases neither fish nor meat is given throughout the year though only two factories were distinguished in this respect. Boarding is charged in 89 factories is free in 196, while in 228 factories workmen are required to pay a portion.

“ Workshops have generally come to be better equipped from the hygienic point of view but the condition of dormitories is as bad as before, except in some large factories. Small factories have no special accommodation for lodging and the workers are made to live and sleep in a part of the factory building or in attics destitute of sanitary devices such as ventilation, sunshine, etc. For instance the dormitories covering a small area of 79·463 tsubo (1 tsubo is equal to 6 sq. ft.) are made to accommodate 84·327 men and women, 0·94 tsubo (less than 5½ sq. ft.) per operative. Bed rooms are in defiance of hygienic rules. In most cases only ½ to 1 tsubo (3 to 6 sq. ft.) are allotted to one person while in some cases two to ten persons are compelled to lie down in a space of 1 tsubo. What is much worse, 357 factories are not provided even with a sick room. When a worker is taken ill, he or she is confined in the ordinary bed rooms and when the case turns out to be serious the patient is sent home or to the hospital under special contract. Only in eight factories are there physicians in attendance.

“ It would be superfluous to make any comments on the above-quoted extract, but it will be generally agreed that notwithstanding her great industrial advancement, Japan has betrayed a most lamentable and callous disregard for the well-being of her factory workers who, it should be remembered, are mostly women.

ADULTS HAVE NO HOLIDAY

“ From the report of the Bombay Millowners' Association it appears that the Association was informed by the Government of India that, although Japan had not ratified the Washington Convention regarding hours of work in factories, she had framed an amended Factories Act, but even this Act lays down no restrictions regarding hours of employment except in the case of children. It was moreover laid down in the Act that factories in which the application of the Act was unnecessary might be exempted by Imperial Ordinance. The general tenor of this amended Act may be judged from the clause quoted below as a specimen.

“ *Article VII.*—Factory owners shall grant at least two holidays each month to youths under sixteen and females and shall grant during working hours a recess of at least thirty minutes when the hours of work exceed six, and of at least one hour when the hours of work exceed ten.

“ The recess specified above be granted in general except, however, in cases where official sanction has been obtained.

“ Thus the factories are closed only for two days in the month, but these holidays are meant only for youths under sixteen and females. It would appear that adult males have to work without a single day of rest or a single holiday.

“ At the seventh session of the International Labour Conference, Mr. Suzuki, who represented the working classes of Japan, inveighed bitterly against his country's failure to ratify the Washington Convention. He said:—‘ As regards the Washington Hours' Convention, as a representative of the Workers' Movement of Japan, I must acknowledge with great regret and disappointment the utter failure of the Japanese Government to ratify this Convention. The fault is so self-evident that I will refrain from labouring the point.’

INDIA AND JAPAN COMPARED

“ The London *Times* in a leading article in its issue of the 2nd December 1925, compared the conduct of India and of Japan in respect of the recommendations of the International Labour Conference in the following words:—

“ ‘ If Indian labour conditions still fall short of the ideal, it should in fairness be remembered that the Indian Government has set a fine example to many other nations in carrying out by legislation the recommendations of the International Labour Conference at Washington. In some respects India has indeed outstripped Washington itself. The Japanese Government, on the other hand, if it has accepted the recommendations of that Conference and has passed numerous laws for the improvement of labour conditions,

has by no means made all of them operative. The twenty-two hour day of two shifts is still maintained in Japanese factories and a large proportion of women are still employed on the night shift. When to this is added a buying and producing organization as efficient (that the great trouble with our purchase commission in India, ship it to Japan, ship it up into piercing cold, ship it back to India or I compete there) (italics my own, in spirit of the 11 per cent. duty, with Bombay textiles, it is not surprising that Japanese competition in a large range of grades of cotton goods is being increasingly felt even in this country. The situation of the British and Indian textile industry certainly cannot call for some form of co-operation against this competition.

THE INTERNATIONAL SWEATER

"It is to be hoped that the International Labour Office will take some effective steps to force Japan to carry out her international obligations so that on the one hand the legitimate grievance of this country, which has faithfully carried out the Washington Convention, may be removed, and on the other hand a state of things which flagrantly violates principles of humanity and social well-being may be brought to an end.

"In the debate in the House of Commons on the 6th July, 1925, Mr. Johnston after referring to the sweated labour conditions prevailing in Japan, very justly said:—
 "I think we will have to take steps internationally to deal with these conditions, whether they are in Japan, India, London, or anywhere else; we will require to insist upon certain minimum standards of civilization, or we will require to boycott the products of this sweated labour from the civilized markets of the world. If we will stop the transport of sweated goods inside this country, if we will attempt to deal with the home sweater, we must also deal internationally, through the League of Nations, through the International Labour Office, or anywhere else you like, with the international sweater."

APPENDIX 3

No. 226/28 of 1926

THE MILLOWNERS' ASSOCIATION.

Bombay, 12th February 1926.

THE HONORARY SECRETARY,

THE JAPANESE COTTON SHIPPERS' ASSOCIATION,

BOMBAY.

DEAR SIR,

I am directed to acknowledge the receipt of your letter dated the 28th January 1926. My Committee have carefully considered the statements and the views expressed therein and in view of the importance of the subject have deemed it fitting to reply to the letter paragraph by paragraph. In the enclosure you will find my Association's answers to each of the contentions made by you in juxtaposition.

I am also directed to inform you that, unless I hear from you within two days of receipt of this letter, my committee will understand that you have no objection to the publication of the correspondence.—Yours faithfully,

(Signed) T. MALONEY,

Secretary.

LETTER FROM THE JAPAN COTTON
SHIPPERS' ASSOCIATION

ASSOCIATION'S REPLY

According to the latest statistics published by the Japanese Cotton Merchants' Union, which will be subsequently confirmed by the Custom Authorities here, it is most remarkable to see that during the eleven months from January to November 1925, the export of cotton yarn constituted 12½ per cent. below 30 counts and 87½ per cent. above 30 counts, as per particulars given below:—

According to the figures published by the Government of India, the imports of yarn have been considerably under-estimated. The Government of India figures show importations of nearly 74,000 bales of yarn from Japan in the period named.

Leaving aside this inaccuracy, from your own figures, the importation of 32 counts and below is not 12½ per cent. but nearly 25 per cent.

14s and below	..	1361	bales.
16s	..	2061	"
20s	..	8,660	"
32s	..	10,190	"
42s	..	43,051	"
43s	..	8,578	"

Total .. 70,823

(Bales 400 lbs. each.)

As admitting that cotton yarn above 30s cannot economically be produced in India, and its supply is to be obtained from abroad the major portion of import of Japanese cotton yarn does in no way stand in competition with Bombay mills in the least, but on the other hand is very much helpful to the important handloom industry of this country, by supplying the cheap and good material. As for lower counts than 30s Japanese yarn is absolutely impossible to compete with local yarn; for example, the local yarn of 20s, 16s and 14s is quoted at 13 annas, 12½ annas and 10 annas per lb. against Japanese yarn of 14 annas, 13½ annas

The Bombay Millowners' Association do not admit that yarn above 30s counts cannot be economically produced in India. The official figures of production show that in the last completed financial year, the equivalent of no less than 63,000 bales of counts above 30s were produced in Indian mills. This yarn is used chiefly in the weaving departments of the mills which produce it; but if yarn produced under sweated labour conditions, and in countries with depreciated exchanges are not permitted to compete unfairly, Indian mills would supply the great bulk of the yarn of all counts below 40s used by the handlooms of India. It is a natural aspiration of every self-respecting nation, and it is its duty to supply its own requirements rather than to send its raw products 3,000 miles to another country and bring back manufactured goods produced from those raw products to compete against its own industries.

As to whether the imports of Japanese yarn of lower counts will eventually disappear from the Indian market, my Committee consider that it would be a grave

LETTER FROM THE JAPAN COTTON
SHIPPERS' ASSOCIATION—*contd.*

ASSOCIATION'S REPLY—*contd.*

and 12½ annas respectively. Hence, I think, the import of these classes will sooner or later disappear entirely from Indian market.

mistake to leave this to chance, or the pleasure of a foreign country. They wish them to disappear at once and for all time.

Your letter quotes certain prices. These may represent the rates at which Japanese yarns are now being sold, but my Committee would point out that during the greater part of last year, Japanese yarn practically drove 20s yarn produced by Bombay mills out of the market. It should also be borne in mind that the prices for Japanese yarn have only been raised to their present level because of the recent rise in the value of the Yen which has to some extent adversely affected the prices paid for cotton bolls some months ago, when exchange was in the region of 116.

My Committee would also like to point out to you that whilst the industry in Bombay suffered heavy losses in 1923, 1924 and 1925, exactly opposite conditions existed in Japan as the underquoted extract from the Japan Financial and Economic Monthly prove—

"Aside from the future, the results of business of eleven leading spinning companies for the past three half-year terms have been highly satisfactory. Their profit for the first half term of the present year were 35,363,000 Yen approximately. Compared with the latter and former halves of last year it shows an increase of Yen 1,730,000 and Yen 8,950,000, respectively."

One hardly need seek farther for the reason of the lack of prosperity of Bombay and Lancashire mills.

As regards cotton cloth, I regret that statistics are not complete to give you the total imports into India, but according to the import into Bombay where it is said so bitterly to face keen Japanese competition, the figures of imports during 1925 are as follows:—

Sheeting ..	..	18,648	Bales.
Drill ..	..	9,240	"
Shirting ..	..	26,886	"
Fancy ..	..	7,397	"
Total ..	..	62,171	

Out of the above, shirting and fancy are mostly of finer goods, which do not conflict with the interests of local mills, while 90 per cent. of sheeting and 45 per cent. of drill are for re-exports. Thus the portion of Indian consumption will hardly be 6,900 bales, namely, 11 per cent. of the total imports. As a matter of fact, Japanese

My Committee are in a position to supply the all-India figures which you say are not complete.

These figures show that 112,000 bales of piece-goods were imported from Japan in the eleven months ending November 1925. Although this may not seem a very great quantity compared with the total production of Indian mills, it must be remembered:—

(1) That a survey of the last ten years shows ever-increasing exports from Japan and my Committee do not wish to await the entire destruction of our home and foreign trade before taking action.

(2) That owing to Japan selling small quantities at low prices, the higher production cost in Indian mills due to shorter hours of work, and high exchange, the whole of the Indian textile industry has been forced to sell at unremunerative rates.

(4) *Depreciated Currency*

The only way the disastrous result of trade conditions, Japanese exchange has comparatively appreciated in value, and at present quotes Rs. 122 per Y. 100, which is about Rs. 15 in advance from the bottom and it is now only Rs. 10 to get for 1.10 per value, which is Rs. 132 instead of Rs. 153 as given publicly by him. Anyhow, the wild fluctuation is causing for trade a considerable loss as clearly shown in the fact that Japanese mills have been very severely hit by the recent sharp advance in exchange on account of their heavy purchases of American and Indian cotton as they have to buy cotton in stock a few months ahead before their sales of cotton goods. In the present case, depreciated currency cannot be said to be of any advantage to her. Really, in order to cultivate

Yen point out that Japanese mills are at no advantage owing to the depreciated value of the Yen at the present time and this may be, to some extent, correct because a large weight of cotton was purchased at 110 and exchange has since risen to 122. This advantage is, however, only temporary and if the Yen remains at its present level, it is certain, labour conditions remaining the same, that Japanese mills will be able to undersell Indian mills. It also should not be forgotten that throughout 1925, Japanese mills had the great advantage of a constantly depreciating exchange.

The contention that the normal exchange rate is Rs. 132 per Yen 100, is most misleading. In arriving at this figure of parity only the sterling value of the Yen has been

LETTER FROM THE JAPAN COTTON
SHIPPERS' ASSOCIATION.—*cont'd.*

ASSOCIATION'S REPLY.—*cont'd.*

the healthy growth of the trade. Japan is constantly aiming and striving to stabilise Yen value at the earliest possible time.

considered and apparently no consideration has been given to the fact that the rupee has depreciated in value in terms of the rupee. The rupee now has a value of 1s. 6d. against a pre-war par value of 1s. 4d. sterling. The pre-war par value of the Yen was 2s. 12d. depreciated to 1s. 7¹⁵/₁₆d. and now stands at 1/101. If both exchanges are taken into consideration, as they certainly should be, when estimating the depreciation of the Yen in terms of the rupee, it will be found that the normal exchange is 135 and not 132 as estimated by you.

(2) *Indirect Subsidies.*

I need not speak anything further as the question has been fully dealt with by the representatives of the Japanese Cotton Spinners' Association in their evidence of January 1922 placed before the Indian Fiscal Commission and I repeat with emphasis that there is no subsidy from the Government directly or indirectly.

In lightly dismissing this subject you apparently forget that on all goods exported the Consumption Tax on piece-goods is remitted. This is equal to an export bounty of 10 per cent.

Nor do you make any mention of the recent law where by export combinations are exempted from income-tax and business tax.

Again, my Committee would remind you of the Government subsidies given to the Japanese steamship lines, ostensibly for carrying mails, but which enable them to charge "ridiculously low" freights for the carriage of cotton from India to Japan and for yarn and cloth from Japan to India.

(2) *Sweated Labour.*

Owing to meagre information at my disposal, I am not in a position to discuss the matter exactly to satisfy you, but as far as I am aware, Japan had raised no objection to follow the spirit and the principle laid down by the Washington or Geneva Conference. It is only to be noted that in consideration of her special circumstances, she seems to be allowed some period of grace to enable her to prepare the necessary arrangements, and I have every reason to believe that all signatory powers have willingly agreed to such a postponement. The chief point under this subject seems to be the night work of women which is only used for spinning and I do not think there will be such a great difference arising therefrom on cost calculation as to provoke the present agitation against her. Nevertheless the female night work in Japan will be entirely stopped from the 31st August 1931, loyally adhering to the Conference decision. Therefore she cannot be condemned as a violator in such strong sense, as alleged here, while, I would like to ascertain how the working time is observed in the Indian Native States and what labour conditions exist there?

As your information seems to be meagre regarding the sweated labour conditions in your own country, my Committee would refer you to the Japan Year Book of 1924, Earthquake Edition, Chapter 13 (which my Committee believe has now been withdrawn) for further information. After perusal you will be more enlightened as to the labour conditions in Japan.

Secondly, my Committee would draw your attention to the statement of Mr. Mayada, the Japanese Government representative at the last International Labour Conference:—

"The proposed amendment of the Japanese Factory Act provides that after three years from its enforcement night work for women and young persons will be prohibited. This three years' preparation may be justified by the necessity of extending equipment and general facilities to cope with the diminution of output consequent on the abolition of night shifts."

It will be noticed that the three years he mentions as the period of grace after which the night work of women and young persons will be abolished, has been extended, under the benevolent auspices of the Japan Spinners' Association until the 31st August 1931.

There is no reason to suppose, judging from past experience that such harmful progression will even stop at 1931.

LETTER FROM THE JAPAN COTTON
SHIPPERS' ASSOCIATION—*contd.*

ASSOCIATION'S REPLY—*contd.*

Even if it does, it means that Japan is asking for twelve years grace to put into force legislation which India put into operation in two years.

In the opinion of my Committee, it is obvious that Japan is using the unfair advantages which she now enjoys owing to non-ratification of the Washington Convention, to build up her textile industry at the expense of other countries, and does not intend to alter the labour conditions until she has sufficient spindles and looms to retain the markets she has unfairly filched from her competitors.

My Committee are equally at one with you in the desire that no misleading statements should be made. They are, however, equally desirous that no facts should be suppressed. As regards pig-iron, no country, except at its own expense, can afford to levy duties on raw products of which it has insufficient supplies. You might as well talk of levying a duty on raw cotton entering Japan, and my Committee think that such a threat will leave both the Indian and Washington Governments unperturbed.

Simultaneously, I would have to impress upon you that the decision of the Japanese Government to postpone the increase of import duty on pig-iron is a plain proof to show her sincere wish to maintain the smooth and amicable connection so long fostered by us. I cannot too much emphasise that the independence of the iron industry is so essential for her national defence, and the concession is certainly unbearable sacrifice on her part, as there is every prospect of increasing production of pig-iron in her adjacent region.

After all, in my gathering the criticism prevailing here, is mostly superfluous, and it is my deepest anxiety that the campaign of this sort misleading the public would very badly reflect on the cordial relations existing between these two countries, only leaving the evil and unpleasant feeling behind, which will have no gain to either of them whatsoever.

In this respect I have most sincerely to request your careful consideration for the sake of the future welfare of both the nations.

The Government of India will eventually decide this case upon its merits, but my Committee wish to impress upon you that legislation conforming to the Washington Conventions has been enforced in India since 1922, and when this legislation was passed the Government of India necessarily took upon itself the onus of seeing that the indigenous industries of this country should be protected against unfair competition from countries which do not conform to the same high stands in labour legislation.

Having replied to all your contentions my Committee would like to draw your attention to the methods of your countrymen in regard to the shipment of cotton from India to Shanghai. A shipper or a manufacturer of cotton in Shanghai is compelled to join the Indian Cotton Transport Association which is, to all intents and purposes, a subsidiary section of the Japan Cotton Spinners' Association, if he wishes to ship goods to Shanghai at the lowest rates. A further remarkable feature of this arrangement is, that in spite of protests from British shippers, this so-called Indian Cotton Transport Association has laid it down that the *Agent of the Japan Cotton Spinners' Association in Bombay* shall allocate the freight space allowed to *British and Indian exporters crew in the British ships of the Conference Lines*. In the interests of future harmonious relations, which you state Japan is so anxious to foster, allocation of freight space for cotton exports from Indian ports to the International port of Shanghai should be made either by an impartial authority appointed by the Government of India, or alternatively, all shippers should be allowed freedom to make their own arrangements.

Lastly, my Committee would draw your attention to the methods adopted for protecting Japanese industries against competition from other nations.

Article V of the Japanese Tariff Law states :—

"When important industries in Japan are threatened by the importation of unreasonably cheap articles, or the sale of imported articles at unreasonably low prices, the Government may, under the regulations provided by Imperial Ordinance, specify

good profits. We wish the comparison had been more straightforward and less misleading. If it is to carry conviction the basis of comparison must be the same. Why should the results of the best eleven Spinning Companies be singled out for comparison, not with the eleven best mills of India, nor even of Bombay, but with all and sundry worst-managed mills of Bombay City alone. Is that fair? Why not compare the result with the Sholapur Mills, the Vishnu and Laxmi Mills, the Indore Malwa and the Central India Mills and a dozen others which have all along been paying very handsome dividends. Most of the up-country Mills (Ahmedabad, Madras, Cawnpore, Nagpur, Sholapur, Indore and others) are doing quite well, perhaps more than well even in these bad days. Bombay alone grumbles. Moreover, let it not be forgotten that the prosperity of the eleven best spinning mills in Japan does not reflect general prosperity. There are many third class mills which are losing very heavily to-day, and some of them are being forced into liquidation, while amongst the second class mills a good many of them are making very modest profits only. In this connection, I may justly point out that the Japanese Mill Industry has long since tided over the special difficulties created by the post-war conditions, having made the necessary adjustments to restore the industry to a healthy condition. The Indian industry, however, has not yet passed that stage and hence its present difficulties.

Regarding cotton cloth, I regret, I cannot accept your figures as final, for the present. Moreover, your first argument is entirely hopeless. Mere catch words and fine phrases serve no purpose except to mislead public opinion. Japan may be said to have entered the Indian Market seriously enough since the last eight years only. It is natural, therefore, that her trade during these few years should have gradually increased; but the all-important fact to remember and digest is that the increase has not been at the expense of India but of Lancashire. Lancashire imports have fallen off by more than 40 per cent. during the last 15 years whereas Indian production has almost doubled. It is also significant to note that Japan has acquired only a very small fraction of the trade that Lancashire has lost. Hence the net result is that foreign imports had declined very considerably while Indian production has made tremendous headway. And when it is further remembered that Japanese imports constitute only 5 per cent. of the total quantity of cloth available for consumption in India and also that they are of a class which compete with Lancashire goods, it becomes apparent that all the talk about the "Entire destruction of our Home Trade" is a piece of calculated exaggeration.

As regards India's 'foreign trade' the question does not arise as the matter lies outside the scope of the Indo-Japanese Convention. Your second argument is much too preposterous to merit serious criticism. We might, however, just point out that while Japan imports only three or four varieties of goods, Indian mills produce more than a hundred varieties and, the competition, if any at all, is confined to the one or two varieties forming less than one-third of the total imports (i.e., less than 2 per cent. of India's total cloth consumption). To argue therefore that on account of Japan's low prices (for one or two varieties which form less than 2 per cent. of the total consumption) "the whole of the Indian Textile Industry has been forced to sell at unremunerative rates" is to insult the intelligence of the public. Your third argument is quite beside the point. Whether Japan's competition is fair or unfair, the question of Indo-Japanese competition in the neutral export markets falls outside the sphere of the Indo-Japanese Convention. Regarding my statement on re-export I must at once confess that the figure 90 per cent. is erroneous. It is a typist's error and should be read as 60 per cent. Accordingly the portion of Indian consumption will be 46,000 bales, i.e., 74 per cent. of the total Bombay imports; and shirtings and fancy goods constitute nearly three-fourth of it.

As regards your high sounding platitudes about its being "an axiom in civilised countries that labour shall not be sweated but shall be permanently benefitted," as I have said before it is a matter of opinion as to what constitutes "sweated labour". I will only add with all the emphasis at my command that far from Japanese labour being 'sweated', its condition is immeasurably superior to that of the Indian labour. The treatment of labour especially by the famous Kanegafuchi group of mills leaves nothing to be desired and is worthy of imitation by the rest of the world. And it is a significant fact that this group which spends most on labour-welfare pays the most handsome dividends also. I am convinced that if you would only visit Japan and see things for yourselves, instead of relying on wild and mischievous reports, you would return satisfied and would change your views.

Your handling of the 'depreciated exchange' question leaves much to be desired and certainly I fail to follow your specious reasonings. The Sterling exchange for all practical purposes must be taken on the basis of $\frac{1}{2}$ and calculations must therefore be made accordingly. I might only add that there is no fear, as you seem to think, of the Yen sticking at 122 to disturb your equanimity. It is already 126 and is making constant progress towards recovery to par value.

"Indirect Subsidies" is another of those misapprehensions entertained by you which have no foundation whatsoever. I can quite understand that through constant repetition of it, the idea so grown upon you that you have almost come to believe on it, but that does not help to prove your case. I am amazed at your description of the remission of 10 per cent. consumption tax on exports as so much export bounty. Does not the same practice obtain in your own country too? I am glad to inform you that 10 per cent. consumption tax will be most probably abolished from the next year, as suggested by our Government, just as the Excise Duty is suspended here, and so there will be no cause for you to make such misleading statements in the future. Your suggestion also that export combinations are exempted from Income Tax and Business Tax was entirely misleading, for you might take it for the various trade guilds that do not deal in any business, and exporting houses derive no relief whatsoever.

As to "Sweated Labour", I have already given you my views, but the subject will be dealt with later more fully. Your suggestion that past experience of Japan is not satisfactory enough to convince you of its acting up to its promise to return to single shift from September 1931 is not only highly provocative but wantonly insulting. The undertaking was to return to single shift three years after the enforcement of the Factory Act, but no date was promised as to the introduction of Factory Act Legislation. Hence there is no violation of any pledge to justify your unfair remarks. We quite agree with you that it will be the Government of India and not the Bombay Millowners' Association that will be eventually called upon to decide this question on its merits, and I have ample confidence that the Government of India will not be misled by your one-sided criticism.

In this connection, Mr. Ley has already replied to the question put by Sir Dinshaw E. Wacha in the Council of State, as per the abstract of the *Times of India* as follows:—

LABOUR HOURS IN JAPAN

NO COMPLAINT POSSIBLE

Delhi, February 10th, 1926.

"In the Council of State to-day Sir Dinshaw E. Wacha asked; Has the Japanese Government failed hitherto to give legislative effect to certain resolutions of the Geneva Labour Conference passed some time since regarding shorter hours of labour, the non-employment of children and women at night and other kindred matters? If so, do Government propose drawing the attention of the coming Labour Conference to this failure?"

The Honourable Mr. A. H. Ley replied: The Honourable Member is presumably referring to the draft conventions adopted at the first session of the International Labour Conference, held at Washington in 1919, relating to hours of work at night, work for women and night work for young persons. As considerable misapprehension appears to exist on the subject of these Conventions and the obligations involved in them, I am glad to have this opportunity of explaining the position. No country is obliged to enforce any draft convention adopted by an International Labour Conference unless and until it has ratified that convention and the question whether a convention shall or shall not be ratified is a matter for the authorities within the country to decide. Should the competent authority decide that the convention shall not be ratified no legal obligations rest on that country to secure the enforcement of the convention. If a member fails to secure the effective observance of any Convention, which it has ratified, any other member ratifying that convention is entitled to file a complaint with the International Labour Office under Article 411 of the Treaty of Versailles. As however, Japan has not ratified any of the conventions, to which I have referred, no question of such a complaint can arise."—(Associated Press).

Your reference to the formation of the Indian Cotton Transport Association in Shanghai and the remarks in connection therewith display some ignorance. The Association is formed with a view to protect the interests of the Importers of Cotton in Shanghai, and as those interests represent the welfare of the Chinese Cotton Mill Industry, we in Japan rather stand to suffer from the activities of this body instead of gaining anything as you seem to suggest. The Association has been formed by the unanimous wish of all importers and Mills in Shanghai, regardless of any nationality, and as a matter of fact, English and Indian merchants have all willingly supported the scheme, as for the attached statement of the Indian Cotton Importers' Association of Shanghai, a perusal of it will satisfy you that this Association is not a subsidiary body under the controlling influence of the Japan Cotton Spinners' Association. Nevertheless, if you have any grievance as to allocation of freight in India for cotton shipments to Shanghai you would do well to ventilate it to the Shanghai Head Quarters.

THE MILLOWNERS' ASSOCIATION,
Bombay, 4th March 1926.

THE HONORARY SECRETARY,
THE JAPAN COTTON SHIPPERS' ASSOCIATION, BOMBAY.

DEAR SIR,

I am directed to acknowledge the receipt of your letter dated the 20th February 1926.

As desired by you I am sending your letter to the Press.

We have no desire to imitate the tone of your reply and except in regard to the one point of profits made by Japanese Mills in 1925, my Committee have nothing further to add to the categorical answers already given to each of the contentions made in your original letter. My Committee are content to leave it to the Indian public to form its own conclusions as to the accuracy of the statements and statistics made in their last letter, every one of which was based on unimpeachable information from official or other authoritative sources, either Japanese or Indian.

In regard to your contention that the Bombay Millowners' statement regarding profits was misleading, since the information related *only to eleven spinning companies*, my Committee wish to point out for the information of your Association that the eleven Japanese companies referred to in my letter represent 40,74,249 spindles and 41,812 looms. As the total number of spindles and looms in Japan are 51,10,000 and 64,000 respectively it will be seen that these eleven combinations of which the profits were given, represent 79½ per cent. of the total spindles and 65 per cent. of the total looms. The public may judge whether it is only an insignificant proportion of Japanese Mills which made huge profits in 1923, 1924 and 1925, as you state.

My Committee await with considerable interest the fuller statement you have promised regarding hours of labour and employment of women at night.

Yours faithfully,
(Signed) T. MALONEY,
Secretary.

APPENDIX 4

COTTON MILL LABOUR IN JAPAN

The Agent of the Japan Cotton Spinners' Association at Bombay writes to us as follows :—

A representative of a cotton mill in Japan, a friend of mine, who recently visited India to study the conditions of Indian Labour, writes me from Japan, as follows, regarding the labour conditions in cotton mills in Japan:

In reply to the charge of "Sweated labour" of females, he declares that, in his frank opinion, Japanese labour was not sweated in any sense of the word and he desires to make a fervent appeal to Indian millowners to visit Japan and satisfy themselves personally as to the labour conditions obtaining there, instead of drawing their information from mischievous sources.

The following details are about first and second class mills which employ more than 60 per cent. of the total female labour in Japanese mills, and while admitting that small differences, here and there, in the treatment of labour, may be found in individual mills, he pledges his word that his information on the whole is broadly true; and casually mentions the following ten mills, employing 83,569 female-hands, as representing the better class of mills who are very particular about the welfare of their workers. They are :—

Kanagafuehi Mills employing ..	..	..	..	14,428 females.
Dai Nippon Mills	"	..	..	20,092 "
Toyo Mills	"	..	..	17,032 "
Wujigas Mills	"	..	..	1,725 "
Nisshin Mills	"	..	..	7,305 "
Kurashiki Mills	"	..	..	4,761 "
Naigai Mills	"	..	..	917 "
Wakayama Mills	"	..	..	2,733 "
Wukushima Mills	"	..	..	5,235 "
Godoh Mills	"	..	..	9,341 "
Total ..				83,569 females.

It may be added here that the total number of female-workers in Japanese mills is 138,277.

A GENERAL DESCRIPTION OF THE CONDITION AND TREATMENT OF FEMALE LABOUR IN JAPAN

1. *Age.*—15 to 20 years.
2. *Average Number of Years* for which they work is about three years (running), *i.e.*, generally until the age of matrimony is attained. After marriage, the bulk of the female-workers give up factory work.
3. *Education.*—All mill-hands have to undergo a course of compulsory education for six years. Labourers with even Middle and High School education are not rare.
4. *Working Hours.*—The nett working hours in single shift are ten and an additional hour reserved for rest. It is only the spinning departments of mills that work double shift, the weaving departments working only one shift, *i.e.*, in day-time. It is hardly necessary to add that the labour employed in double shifts is separate in each shift. The standard daily routine in dormitories, family quarters and factories is as follows :—

<i>Day Labourers.</i> —Breakfast ..				6-30 a.m.
Work begins ..				7-00 a.m.
Rest for $\frac{1}{4}$ hour ..				9-00 a.m. to 9-15 a.m.
Tiffin ..				Noon.
Rest for $\frac{1}{2}$ hour ..				Noon to 12-30 p.m.
Rest for $\frac{1}{4}$ hour ..				3-00 to 3-15 p.m.
Day work closes ..				6-00 p.m.
Bath ..				6-15 p.m.
Dinner ..				6-30 p.m.
Bed ..				9-00 p.m.
<i>Night Workers.</i> —Dinner ..				6-30 p.m.
Night Shift begins ..				7-00 p.m.
Rest $\frac{1}{4}$ hour ..				9-00 p.m. to 9-15 p.m.
Meals ..				Mid-night.
Rest for $\frac{1}{2}$ hour ..				Mid-night to 12-30 a.m.

Rest for $\frac{1}{2}$ hour	..	..	3-00 to 3-15 a.m.
Night Shift ends	..	..	6-00 a.m.
Bath	..	..	6-30 a.m.
Breakfast	..	..	7-00 a.m.
Rest and bed	..	..	7-30 to 5-30 p.m.

5. *Holidays*.—The holidays observed in Japanese mills are all Sundays, and three National holidays and five local festival holidays per annum.

6. *Wages, Allowances, Bonus and Compensation*.

(a) Daily wages—Y1.20 (female).

(b) Board allowance—Y0.28.

(c) Summer wages—Four days' extra salary is given during summer over and above the ordinary monthly salary.

(d) Absenteeism arising from illness or accident is allowed for on full pay.

(e) Bonus is distributed twice a year, each bonus being equal to one month's salary.

(f) Retiring Allowance.—On the expiration of the term of service (generally two or three years) more than one month's salary is given as Retiring Bonus.

(g) In the event of any accident to an operative, reasonable compensation is enforced by legislation. Moreover, the mill staff and labourers have their own "mutual Aid Funds" which are utilised for giving relief to any member afflicted with domestic misfortune or catastrophe.

7. *The Dormitory System*.

(a) Unmarried labourers are housed in dormitories which are well ventilated and have proper sanitary and hygienic arrangements. Family men are provided separate private quarters which are also in the mill compound. The individual mill-hand pays less than half the actual boarding charges incurred by the mills, i.e., he pays 12 sen against the actual expense of 40 sen, thus receiving a benefit of 28 sen or nearly $5\frac{1}{2}$ annas per day.

(b) The dormitories are effectively supervised, each block being under the charge of a dormitory-keeper and each room under the supervision of a senior hand. The strict discipline enforced by these "Agents des moeurs" serves to maintain complete morality among the male and female-workers.

8. *Provision for Medical Aid, Gymnasies and Recreation* for the labourers is also receiving the constant care and attention of the employers as they consider the health, comfort and happiness of the operatives essential to efficient production.

(a) Every mill has its own hospital and provides 50 to 60 beds, with 7 or 8 doctors, and a dozen nurses.

Medical help and treatment are, of course, gratis, and an average of 15 patients per mill of a complement of 3,000 hands take advantage daily.

(b) Sanatoriums for convalescents are provided at sea-side resorts and in the vicinity of hot springs.

(c) Every mill has its own gymnasium and pleasure halls where provision is made for indoor games and pastimes. In addition to this, cinema and theatrical entertainment is provided once a week. The halls referred to can accommodate 2,000 persons. Provision for outdoor games is also made and tennis courts, base-ball grounds and wrestling arenas are available for the men.

(d) Athletic meetings are held twice every year and the workers are also taken out occasionally on sight-seeing excursions and these are much enjoyed by the young workers, as these events revive the happy memories of their school days.

(e) Education.—The mill authorities are equally anxious about the mental cultivation of the young generation of workers, and besides providing libraries, regular courses of instruction are given. Young females are afforded every possible opportunity of acquiring training in domestic economy and household management. Instruction is given in needle work and embroidery, cookery and music. Even such liberal accomplishments, as the arts of "tea-ceremony" and flower decoration, accomplishments which cannot be bestowed even on the daughters of the petit bourgeois before marriage, are imparted to the humblest of labourers who care to avail themselves of the opportunity.

9. *Compulsory Savings and Bargain Sales*.—The mill authorities are very anxious that labourers should cultivate the habit of thrift and save as much as possible of their earnings "for a rainy day". Board and lodging being free of cost (save for a very nominal contribution), the authorities provide cloth and miscellaneous stores and articles of personal use at the lowest cost price. Thus the labourers are enabled to save on an average as much as 70 per cent. of their income; and if we make allowance for their remittances to their family homes, their net savings range from 30 to 40 per cent. The management further encourage the habit of saving by offering attractive rates of interest (higher than bank rates) on deposits, so that it is not uncommon for the labourers, to take away with them the handsome sum of Y1,000 to Y2,000 when they leave the mills after two or three years' work.

As regards the dormitory system your correspondent may be referred to the Japan Year Book (Earthquake Edition) where a reference is made to an enquiry made by the Department of Agriculture and Commerce into the living and dietary conditions of operatives in spinning and weaving factories. We there read :—

“ Workshops have generally come to be better equipped from the hygienic point of view but the condition of dormitories is as bad as before, except in some large factories. Small factories have no special accommodation for lodging and the workers are made to live and sleep in a part of the factory building or in attics destitute of sanitary devices such as ventilation, sunshine, etc. For instance, the dormitories covering a small area of 79·463 tsubo* are made to accommodate 84·327 men and women, 0·94 tsubo per operative. In most cases only 0·5 to 1 tsubo are allotted to one person while in some cases two to ten persons are compelled to lie down in a space of 1 tsubo. *What is much worse 357 factories are not provided with a sick room. When a worker is taken ill, he or she is confined in the ordinary bed rooms and when the case turns out to be serious the patient is sent home or to the hospital under special contract. Only in 8 factories are there physicians in attendance.*”

The sentences which are in italics are an excellent commentary on your correspondent's statement that :—

“ Every mill has its own hospital and provides 50 to 60 beds with 7 or 8 doctors and a dozen nurses. Medical help and treatment are of course *gratis* and an average of 15 patients per mill of complement of 3,000 hands take advantage daily.”

It is further stated by your correspondent that “ in the event of any accident to an operative reasonable compensation is enforced by legislation.” So far as my Committee are aware there is no Workmen's Compensation Act in Japan. Had there been any such legislation in existence, there would have been no occasion for inserting Article XV in the amended Factory Act which says that the compensation to be given to a workman who suffers injuries or dies in the performance of his duty, is to be determined by Imperial Ordinance. But the nature of the Imperial Ordinance, or whether one really exists, is not known.

My Committee do not wish to disturb the happy effect of the idyllic picture drawn by your correspondent of mill life in Japan with its hospitals, sanatoriums, gymnasium, pleasure halls, cinema and theatrical entertainments, tennis courts, base-ball grounds, wrestling arenas, etc. My Committee would only state that the official and demi-official publications of Japan including those from which extracts have been quoted above, bear ample evidence to the harrowing conditions of mill life in Japan, in striking contrast with the imaginative masterpiece drawn by your correspondent.—Your, faithfully,

T. MALONE,

Secretary.

BOMBAY, 7th April 1926.

* A tsubo is approximately equal to a space 6 feet long and 3 feet wide.

APPENDIX No. 5

Exhibit A. In a letter, dated 8th February 1924, addressed to the Secretary to the Government of India in the Commerce Department by the Bombay Millowners' Association on the subject of Cotton Excise Duties

From the figures submitted by a number of typical Bombay mills it was found that with cotton at Rs. 500 per candy the proportionate cost for dutiable stores when making standard Longcloths was 6.5 per cent. of the total cost of production, and when spinning 18s. weft, 2.25 per cent.

The following calculation gives an approximate idea of the amount of duty paid by cotton mills in British India on imported mill stores.

The average rate of duty paid on stores has been taken as 10 per cent. which, it is thought, represents as fair an estimate as it is possible to make. As previously mentioned, the more important stores, such as sizing materials and dyes, pay 15 per cent. *ad valorem* but a certain proportion of machinery spare parts are admitted at the rate of 2½ per cent.

The total value of cloth produced in British India was :—

			Rs.	
1920-21	..	..	60,39,24,275	From monthly Statistics
1921-22	..	..	58,21,63,796	of Cotton Spinning and
1922-23	..	..	56,55,13,928	Weaving.
			<hr/>	
			3) 1,75,10,01,997	
			<hr/>	
			58,38,67,332	

Average of last three years = Rs. 58,38,67,332, say	.. =	58,00,00,000
Value on stores (6.5 per cent. on cost value)	.. =	3,77,00,000
Duty on stores at 10 per cent. <i>ad valorem</i>	.. =	37,70,000

Weight of yarn produced :—

			lbs.	
1920-21	..	..	62,16,55,441	From monthly Statistics
1921-22	..	..	65,30,10,720	of Cotton Spinning and
1922-23	..	..	66,19,10,823	Weaving.
			<hr/>	
			3) 1,93,65,76,984	
			<hr/>	
			64,88,58,994	

Average of last three years = 64,88,58,994 lbs., say 65,00,00,000 lbs.

		Rs.
Approximate value at 14 annas per lb...	..	.. = 57,00,00,000
Value of stores at 2.25 per cent.	..	.. = 1,28,25,000
Duty on stores at 10 per cent. <i>ad valorem</i>	..	.. = 12,82,500
Total duty paid per year by mills on yarn and cloth	..	.. = 50,52,500

The average amount collected per year from mills in British India in the form of Excise Duty, according to the Monthly Statistics of Cotton Spinning and Weaving in Indian Mills, for the past three years was Rs. 2,09,02,000.

The total taxation paid by Mills in the form of Excise Duty on cloth and Import Duty on mill stores is therefore in the neighbourhood of Rs. 2,59,54,500 or in round figures 200 lakhs of rupees per year.

TABLE 1

Progress of Cotton Mills in the City and Island of Bombay since 186.

Years ending 30th June.	Number of Mills.	Number of Spindles.	Number of Looms.	Average Number of hands employed daily.	Approximate Cotton con. to ave.	
					Cwts.	Bales 392 lbs.
1865	10	2,40,084	3,378	6,557	Not recorded.	Not recorded.
1866	10	2,74,371	3,254	6,733	Do.	Do.
1867	10	2,78,057	3,378	7,630	Do.	Do.
1868	10	2,82,044	3,643	7,715	Do.	Do.
1869	10	2,85,874	3,710	7,857	Do.	Do.
1870	10	2,90,920	4,090	8,103	Do.	Do.
1871	10	3,05,890	4,290	8,553	Do.	Do.
1872	11	3,14,396	4,302	8,816	Do.	Do.
1873	14	3,04,502	4,600	10,714	2,35,763	67,361
1874	15	4,62,151	5,713	11,398	2,89,005	82,590
1875	27	7,52,034	7,781	13,551	Not recorded.	Not recorded.
1876	29	8,16,830	8,041	....	Do.	Do.
1877	31	8,95,204	8,433	20,347	5,04,270	1,61,220
1878	32	9,55,344	10,206	20,942	7,15,078	2,04,308
1879	32	9,81,000	10,556	23,800	6,32,430	1,80,090
1880	32	9,87,070	10,656	29,417	7,71,239	2,20,354
1881	32	9,91,522	10,932	31,351	9,54,772	2,72,792
1882	36	10,56,004	11,274	31,801	9,71,001	2,77,440
1883	38	11,20,098	11,067	34,736	10,94,016	3,12,576
1884	43	12,51,720	11,985	36,071	12,18,490	3,48,140
1885	49	13,47,390	12,011	41,545	13,73,743	3,92,498
1886	50	13,88,773	12,068	44,111	13,99,039	3,91,154
1887	55	14,40,644	12,103	43,270	15,87,049	4,53,014
1888	61	14,57,015	12,752	47,789	17,50,014	5,00,004
1889	69	15,91,323	13,380	52,400	19,73,055	5,63,730
1890	70	18,95,000	13,785	59,139	22,26,819	6,30,234
1891	67	19,09,123	14,347	61,981	20,08,907	7,02,562
1892	68	19,34,710	14,900	65,087	25,50,058	7,28,588
1893	69	20,41,208	16,664	67,870	25,34,910	7,24,266
1894	69	20,27,374	18,265	70,553	25,57,296	7,20,656
1895	69	21,23,892	20,217	75,740	28,53,879	8,15,394
1896	71	21,86,323	21,335	78,455	29,73,873	8,49,078
1897	75	21,87,425	21,287	69,530	24,59,640	7,02,750
1898	82	22,20,982	21,379	70,728	28,60,648	8,17,328
1899	82	24,10,861	22,209	77,169	33,27,800	9,50,800
1900	82	25,30,891	22,215	72,914	26,06,800	7,44,800
1901	81	25,71,002	22,414	82,162	24,35,153	6,95,758

TABLE 1—contd.

Year of issue of Fund.	Number of Miners	Number of Syndicates	Number of Locals	Average Number of Hands employed daily.	Approximate quantity of Cotton consumed.		
					Cwts.	Bales (500 lbs.)	
1902	..	80	25,22,769	22,643	86,122	24,53,523	9,57,273
1903	..	80	25,22,582	22,123	87,613	24,51,756	9,56,898
1904	..	79	25,24,200	24,126	89,615	24,64,569	9,72,724
1905	..	81	25,60,616	23,073	92,924	27,52,552	10,72,432
1906	..	84	26,14,223	23,773	1,00,733	32,64,424	11,41,244
1907	..	85	26,12,493	31,632	99,101	33,63,123	11,15,730
1908	..	86	27,24,623	33,657	1,01,536	37,77,176	10,72,124
1909	..	86	28,00,343	32,264	1,05,731	38,45,464	10,69,704
1910	..	86	28,24,646	41,631	1,04,550	34,44,203	9,54,053
1911	..	87	28,90,500	42,457	1,04,500	33,27,073	9,53,450
1912	..	86	28,55,452	42,236	1,09,691	37,71,656	10,77,016
1913	..	89	29,25,676	45,250	1,10,633	37,52,733	10,72,510
1914*	..	85	30,09,172	45,843	1,09,860	37,73,133	10,73,636
1915*	..	86	29,64,627	51,845	1,11,624	35,61,175	10,22,660
1916*	..	86	29,84,573	52,525	1,15,203	36,22,609	10,56,174
1917*	..	87	29,23,713	57,621	1,23,713	39,71,846	11,24,814
1918*	..	87	28,82,645	59,162	1,24,169	37,29,722	10,63,492
1919*	..	83	29,24,476	60,573	1,27,352	34,29,146	9,29,756
1920*	..	83	29,64,526	60,634	1,40,208	33,50,023	9,57,150
1921*	..	83	30,25,433	62,763	1,47,740	37,12,063	10,60,598
1922*	..	82	31,17,224	65,521	1,42,624	37,59,653	10,74,168
1923*	..	81	32,42,082	66,646	1,45,771	37,68,765	10,59,830
1924*	..	82	34,27,271	71,123	1,45,414	38,75,131	8,21,466
1925*	..	82	34,56,223	72,226	1,53,009	34,61,562	8,64,762

* Year ending 31st August.

TABLE 2

Progress of Public Mills during the past 50 years

Years ending 31st Decr.	No. of Mills	Number of Engines	Number of Horses	Average No. of Hrs. in operation 1890.	Approximate quantity of cotton consumed.	
					Cots.	Bales of 2 lbs.
1876	47	33,000	117	7,400,000	Not stated	Not stated.
1877	47	33,000	117	Do.	Do.	Do.
1878	48	33,000	117	Do.	Do.	Do.
1879	48	34,000	117	6,500	2,77,547	2,77,545
1880	48	34,000	117	6,400	2,77,700	2,77,621
1881	48	34,000	117	6,400	2,77,700	2,77,621
1882	48	34,000	117	6,400	2,77,700	2,77,621
1883	48	34,000	117	6,400	2,77,700	2,77,621
1884	48	34,000	117	6,400	2,77,700	2,77,621
1885	48	34,000	117	6,400	2,77,700	2,77,621
1886	48	34,000	117	6,400	2,77,700	2,77,621
1887	48	34,000	117	6,400	2,77,700	2,77,621
1888	48	34,000	117	6,400	2,77,700	2,77,621
1889	48	34,000	117	6,400	2,77,700	2,77,621
1890	48	34,000	117	6,400	2,77,700	2,77,621
1891	48	34,000	117	6,400	2,77,700	2,77,621
1892	48	34,000	117	6,400	2,77,700	2,77,621
1893	48	34,000	117	6,400	2,77,700	2,77,621
1894	48	34,000	117	6,400	2,77,700	2,77,621
1895	48	34,000	117	6,400	2,77,700	2,77,621
1896	48	34,000	117	6,400	2,77,700	2,77,621
1897	48	34,000	117	6,400	2,77,700	2,77,621
1898	48	34,000	117	6,400	2,77,700	2,77,621
1899	48	34,000	117	6,400	2,77,700	2,77,621
1900	48	34,000	117	6,400	2,77,700	2,77,621
1901	48	34,000	117	6,400	2,77,700	2,77,621
1902	48	34,000	117	6,400	2,77,700	2,77,621
1903	48	34,000	117	6,400	2,77,700	2,77,621
1904	48	34,000	117	6,400	2,77,700	2,77,621
1905	48	34,000	117	6,400	2,77,700	2,77,621
1906	48	34,000	117	6,400	2,77,700	2,77,621
1907	48	34,000	117	6,400	2,77,700	2,77,621
1908	48	34,000	117	6,400	2,77,700	2,77,621
1909	48	34,000	117	6,400	2,77,700	2,77,621
1910	48	34,000	117	6,400	2,77,700	2,77,621
1911	48	34,000	117	6,400	2,77,700	2,77,621
1912	48	34,000	117	6,400	2,77,700	2,77,621

TABLE 2—contd.

Years ending 30th June.	Number of Mills.	Number of Spindles.	Number of Looms.	Average Number of hands employed daily.	Approximate quantity of Cotton consumed.	
					Cwts.	Bales. 3·2 lbs.
1913	272	65,06,802	04,130	2,53,780	73,36,056	20,06,016
1914*	271	67,78,695	1,04,170	2,60,276	75,00,941	21,43,120
1915*	272	68,48,744	1,08,009	2,05,346	73,50,212	21,02,632
1916*	266	68,39,877	1,10,268	2,74,361	76,02,013	21,07,718
1917*	263	67,38,097	1,14,021	2,76,771	70,93,574	21,08,164
1918*	262	60,53,871	1,10,484	2,82,227	72,00,873	20,85,078
1919*	258	60,80,080	1,18,221	2,93,277	71,54,805	20,44,230
1920*	253	67,63,076	1,10,012	3,11,078	68,33,113	19,52,318
1921*	257	68,70,804	1,23,783	3,32,170	74,20,805	21,20,230
1922*	208	73,31,210	1,34,020	3,43,723	77,12,300	22,03,540
1923*	333	70,27,038	1,44,794	3,47,390	75,30,943	21,51,693
1924*	336	83,13,273	1,51,485	3,56,887	67,12,118	19,17,748
1925*	337	85,10,633	1,54,202	3,67,877	76,02,085	22,26,310

* Year ending 31st August.

TABLE 3

*Detailed Statement of the Quantity in pounds and their Equivalent**Grand Total, India (British India**Twelve months*

Description.			1907-03.	1903-09.	1902-10.
Grey and Bleached Piece-goods.—					
Chadars	Pounds ..	..	14,922	13,264	17,891
	Yards ..	..	42,826	28,765	51,041
Dhutis	Pounds ..	..	49,358	46,501	50,111
	Yards ..	..	237,900	233,878	249,574
Drills and Jeans ..	Pounds ..	..	5,912	6,518	6,143
	Yards ..	..	21,573	24,703	22,084
Cambrics and Lawns ..	Pounds ..	..	492	424	571
	Yards ..	..	3,152	2,759	4,083
Printers	Pounds ..	..	5,705	5,656	7,310
	Yards ..	..	7,744	26,186	33,003
Shirtings and Longcloth ..	Pounds ..	..	48,007	48,634	57,848
	Yards ..	..	207,227	206,314	244,696
T-cloth, Domestic and Sheet- ings.	Pounds ..	..	25,434	26,217	31,018
	Yards ..	..	120,315	123,941	140,593
Tent Cloth	Pounds ..	..	2,559	2,895	2,299
	Yards ..	..	6,184	7,693	5,780
Khadi, Dungee or Khaddar ..	Pounds ..	..	....	....	....
	Yards ..	..	....	....	....
Other Sorts	Pounds ..	..	3,695	4,859	5,502
	Yards ..	..	14,126	21,827	20,460
Total	Pounds ..	..	155,034	154,997	178,602
	Yards ..	..	680,037	685,972	771,517
Coloured Piece-goods ..	Pounds ..	..	31,235	34,932	47,638
	Yards ..	..	128,380	13,858	192,352
Grey and Coloured Goods other than Piece-goods ..	Pounds ..	..	1,815	1,592	1,704
	Dozens ..	..	464	400	429
Hosiery	Pounds ..	..	424	602	624
	Dozen ..	..	271	212	332
Miscellaneous	Pounds ..	..	192	241	255
Cotton Goods mixed with Silk or Wool.	Pounds ..	..	....	....	....
GRAND TOTAL ..	Pounds ..	..	189,052	192,865	223,824
	Yards ..	..	808,427	824,489	963,869
	Dozens ..	..	784	643	761

Note.—Figures in black type apply to British India only.

No. 3

in Yards and Description of Woven Goods produced in Indian Mills

and Indian States). 000's omitted

April to March

1010-11.	1011-12.	1012-13.	1013-14.	1014-15.	1015-16.
19,110	22,527	25,204	23,073	22,707	20,055
56,080	68,177	75,306	60,870	65,003	75,163
51,466	56,277	58,151	50,132	57,400	70,037
253,210	268,460	291,476	284,770	258,074	323,040
7,341	7,588	7,805	7,510	8,521	12,053
25,604	27,567	28,931	27,813	30,789	46,329
553	980	1,007	744	517	1,025
4,171	6,326	7,053	5,053	3,545	5,701
7,217	5,558	6,258	6,512	6,448	6,109
33,469	26,390	20,450	30,381	28,007	26,900
60,558	71,503	68,044	66,458	75,520	100,006
287,568	313,053	302,624	292,488	320,705	410,025
30,997	31,576	33,238	29,733	30,815	35,821
139,438	142,107	148,095	128,969	134,288	151,401
2,305	2,475	2,382	2,327	3,006	5,479
5,968	6,062	6,782	5,814	8,902	11,814
....
....
5,007	6,327	6,272	6,674	7,653	9,975
23,615	25,220	25,381	27,286	29,027	34,264
191,736	204,901	211,111	202,763	213,576	267,165
829,197	883,381	914,101	872,446	880,502	1,094,867
51,786	50,554	71,828	68,829	61,067	81,604
213,545	252,771	306,251	291,946	255,206	346,647
1,598	1,606	1,813	2,166	1,735	2,541
486	417	415	638	512	653
624	497	501	471	286	356
340	273	285	267	179	220
71	86	218	158	341	580
....
245,815	266,644	285,471	274,380	277,006	352,255
3,042,792	1,136,152	1,220,443	1,164,292	1,135,708	1,141,515
825	600	700	905	692	874

TABLE

Description.				1016-17.	1017-18.	1018-19.
Grey and Bleached Piece-goods—						
Chadars	{	Pounds ..	..	22,000	17,766	12,072
		Yards ..	..	67,791	54,040	37,914
Dhutls	{	Pounds ..	..	66,641	70,135	77,777
		Yards ..	..	300,949	325,917	360,357
Drills and Jeans ..	{	Pounds ..	..	15,493	21,244	15,105
		Yards ..	..	59,503	78,611	54,284
Cambrics and Lawns ..	{	Pounds ..	..	1,124	1,490	941
		Yards ..	..	6,379	8,277	6,195
Printers	{	Pounds ..	..	7,288	5,932	5,181
		Yards ..	..	31,599	26,503	23,967
Shirtings and Longcloth ..	{	Pounds ..	..	98,030	90,294	86,160
		Yards ..	..	427,753	450,630	393,779
T-cloth, Domestics and Sheet-ings.	{	Pounds ..	..	46,403	31,169	24,641
		Yards ..	..	192,132	137,396	110,511
Tent Cloth	{	Pounds ..	..	8,553	12,002	20,190
		Yards ..	..	17,181	24,550	26,870
Khadi, Dugroo or Khaddar ..	{	Pounds ..	..	....	....	....
		Yards ..	..	....	....	....
Other Sorts	{	Pounds ..	..	9,302	9,832	14,955
		Yards ..	..	35,013	35,899	45,733
Total	{	Pounds ..	..	274,851	268,772	257,849
		Yards ..	..	1,136,170	1,141,922	1,076,711
Coloured Piece-goods ..	{	Pounds ..	..	98,352	196,752	85,692
		Yards ..	..	441,962	473,195	374,915
Grey and Coloured Goods other than Piece-goods.	{	Pounds ..	..	3,113	3,639	3,744
		Dozens ..	..	690	706	721
Hosiery	{	Pounds ..	..	410	340	261
		Dozens ..	..	237	215	149
Miscellaneous		Pounds ..	..	960	1,038	1,827
Cotton Goods mixed with Silk or Wool.		Pounds ..	..	43	253	307
GRAND TOTAL ..	{	Pounds ..	..	377,720	381,404	349,580
		Yards ..	..	1,578,133	1,614,126	1,450,726
		Dozens ..	..	897	921	879

No. 3—contd.

1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.
23,203	19,841	19,712	20,671	20,237	21,646
68,023	59,191	59,428	63,202	58,003	61,614
73,413	73,685	66,157	91,998	85,658	96,507
337,602	340,128	435,637	451,115	399,214	458,404
21,583	19,722	15,376	11,148	13,031	18,521
80,845	74,505	69,452	56,306	51,974	77,191
1,666	1,219	1,292	897	777	1,145
8,473	5,951	7,517	5,551	3,649	5,395
6,774	6,509	8,078	9,078	7,855	7,700
21,537	28,284	35,621	59,973	31,831	32,777
100,625	101,138	102,974	105,507	100,315	118,059
444,501	456,210	487,031	470,519	413,818	525,524
27,449	21,293	19,117	17,853	15,608	17,403
122,402	97,588	84,117	81,002	68,075	77,742
2,890	3,772	3,247	2,867	2,795	4,156
5,671	7,508	7,255	6,588	6,573	9,894
....	....	....	....	....	29,434
....	....	....	....	....	87,153
19,028	16,589	27,123	37,036	39,875	10,576
66,649	66,886	87,859	118,371	128,488	46,075
276,632	263,564	300,036	300,366	287,050	325,265
1,161,073	1,129,883	1,284,752	1,271,700	1,107,654	1,382,368
102,146	98,388	98,433	98,035	108,330	125,580
475,709	450,967	446,822	453,191	503,020	588,078
3,320	3,485	3,053	3,423	2,575	2,054
659	707	629	1,213	514	611
294	411	363	461	548	673
159	117	115	206	245	277
1,250	1,409	1,433	2,201	2,237	3,949
204	227	178	165	207	272
383,847	307,482	403,490	405,254	401,661	458,603
1,039,779	1,580,850	1,731,573	1,725,284	1,701,574	1,970,447
818	825	744	1,418	750	888

TABLE

*Detailed Statement of the Quantity (in Pounds) and their
Bombay Island. (Twelve months*

Description of Goods.				1907-08.	1908-09.	1909-10.
Grey and Bleached Goods—						
Chadars	{	Pounds ..	11,128	9,395	11,925	
		Yards ..	31,058	27,556	34,777	
Dhutls	{	Pounds ..	14,287	11,770	11,291	
		Yards ..	69,743	57,751	56,766	
Drills and Jeans ..	{	Pounds ..	2,668	2,703	2,835	
		Yards ..	0,774	10,500	10,469	
Cambrics and Lawns ..	{	Pounds ..	337	273	375	
		Yards ..	2,212	1,859	2,568	
Printers	{	Pounds ..	196	79	56	
		Yards ..	985	408	310	
Shirts and Longcloths ..	{	Pounds ..	35,200	34,004	39,100	
		Yards ..	150,414	151,290	173,587	
T-cloth, Domestic and Sheet- ings.	{	Pounds ..	18,363	10,355	21,721	
		Yards ..	80,110	93,639	102,004	
Tent Cloth	{	Pounds ..	1,024	1,004	741	
		Yards ..	2,056	2,023	1,520	
Khadi, Dungree or Khaddar ..	{	Pounds ..	....	....	....
		Yards ..	....	....	....
Other Sorts	{	Pounds ..	042	1,023	1,042	
		Yards ..	4,364	4,671	4,850	
Total	{	Pounds ..	84,234	79,608	89,086	
		Yards ..	360,616	349,707	386,736	
Coloured Piece-goods ..	{	Pounds ..	24,048	25,834	35,270	
		Yards ..	102,201	105,032	145,489	
Grey and Coloured Goods other than Piece-goods.	{	Pounds ..	1,560	1,339	1,424	
		Dozens ..	306	327	344	
Hosiery	{	Pounds ..	498	332	417	
		Dozens ..	271	241	257	
Miscellaneous		Pounds ..	74	22	12	
Cotton Goods mixed with Silk or Wool.		Pounds ..	....	....	....
TOTAL, BOMBAY ISLAND ..	{	Pounds ..	110,423	107,275	126,218	
		Yards ..	471,817	455,639	532,225	
		Dozens ..	666	568	602	

TABLE

Description of Goods.				1910-17.	1917-18.	1918-19.
Grey and Bleached Goods—						
Chadars	{	Pounds ..	11,103	10,207	5,501	
		Yards ..	31,655	27,816	14,820	
Duntis	{	Pounds ..	10,847	13,512	17,283	
		Yrds ..	48,341	65,429	88,005	
Drills and Jeans .. .	{	Pounds ..	9,502	14,603	8,888	
		Yards ..	36,452	55,596	33,292	
Cambrics and Lawns ..	{	Pounds ..	585	800	497	
		Yards ..	4,074	5,269	3,100	
Printers	{	Pounds ..	24	12	57	
		Yards ..	122	61	314	
Shirtings and Longcloths ..	{	Pounds ..	52,334	63,763	49,957	
		Yards ..	236,283	297,201	233,227	
T-cloths, Domesticals and Sheetings.	{	Pounds ..	32,803	19,972	12,873	
		Yards ..	144,514	93,344	64,672	
Tent Cloth	{	Pounds ..	3,905	4,657	11,983	
		Yards ..	7,189	8,820	21,026	
Khadi, Dungi or Khaddar ..	{	Pounds ..	....	....	....
		Yards ..	....	....	....
Other Sorts	{	Pounds ..	1,647	2,553	4,974	
		Yards ..	6,662	9,644	12,669	
Total	{	Pounds ..	122,846	130,139	112,014	
		Yards ..	515,292	563,180	471,814	
Coloured Piece-goods ..	{	Pounds ..	66,672	70,395	61,043	
		Yrds ..	314,893	369,958	286,090	
Grey and Coloured Goods other than Piece-goods.	{	Pounds ..	2,483	2,950	3,113	
		Dozens ..	632	581	616	
Hosiery	{	Pounds ..	160	171	127	
		Dozens ..	143	140	98	
Miscellaneous		Pounds ..	594	1,029	1,023	
Cotton Goods mixed with Silk or Wool.		Pounds ..	15	96	113	
TOTAL, BOMBAY ISLAND ..	{	Pounds ..	192,771	213,780	177,433	
		Yards ..	830,185	933,138	757,904	
		Dozens ..	675	721	714	

No. 4—contd.

1919-23.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.
10,416	8,209	6,212	4,312	9,050	9,847
22,010	25,102	24,298	23,229	21,318	23,734
15,996	15,072	17,946	20,434	19,446	21,116
75,019	57,547	171,529	102,023	97,824	110,297
15,118	11,425	4,217	7,502	7,771	11,312
50,170	40,674	15,964	21,227	22,294	40,907
59	404	66	222	273	447
2,897	2,470	4,448	2,116	1,560	2,443
43	10	202	205	62	33
449	356	1,459	1,674	280	165
56,574	48,313	6,216	62,227	61,950	71,845
255,028	270,424	211,600	229,710	278,910	326,482
17,320	15,924	11,239	9,742	8,358	9,692
62,792	66,848	57,722	48,427	39,457	45,034
1,541	1,479	1,009	194	561	921
2,745	2,924	2,499	1,924	1,448	2,261
....	....	....	....	....	19,804
....	....	....	....	....	30,574
4,768	2,448	8,019	11,461	15,159	2,795
14,827	17,513	16,623	44,980	45,897	11,549
120,744	112,514	123,572	125,093	122,672	138,825
518,476	504,219	585,916	547,318	522,850	605,145
71,782	69,795	70,823	66,571	68,723	78,162
344,856	372,168	376,001	322,966	333,024	380,883
2,228	2,290	1,968	2,171	1,585	1,851
486	503	420	487	310	420
124	127	127	110	96	91
163	94	91	90	81	83
829	962	1,057	1,299	990	1,348
58	113	61	90	139	115
195,412	185,601	207,381	196,145	194,206	220,392
867,292	836,567	921,027	870,285	855,883	986,028
588	597	511	584	431	512

TABLE

Statement showing the production of Cloth (in Yards)

(000's)

	1907-08.	1908-09.	1909-10.
Bombay Presidency	677,827	678,847	791,254
Bombay Island	471,817	455,639	532,225
Ahmedabad	180,657	170,454	186,808
Madras	24,852	24,022	23,926
Bengal	7,911	16,597	14,170
United Provinces .. .. .	....	....	....
*Ajmer-Merwara	34,402	36,219	40,761
Punjab	1,269	1,240	867
†Delhi .. .. .	....	....	....
Central Provinces and Berar	31,832	35,636	39,086
Indian States	30,243	31,328	53,806
Total	808,426	824,480	963,860

	1916-17.	1917-18.	1918-19.
Bombay Presidency	1,318,810	1,361,081	1,197,422
Bombay Island	830,185	933,188	757,904
Ahmedabad	392,025	313,253	332,157
Madras	38,221	38,337	41,519
Bengal	21,414	25,775	26,713
United Provinces	40,560	37,080	29,359
*Ajmer-Merwara	6,840	5,151	5,712
Punjab	4,160	2,050	2,311
†Delhi	171	1,168	1,438
Central Provinces and Berar	60,331	58,007	59,281
Indian States	87,625	84,577	86,972
Total	1,578,193	1,614,126	1,450,726

Note.—The figures in Black type, i.e., for Bombay Island and Ahmedabad are included in the figures intended to illustrate the progress of weaving in these two centres.

* Prior to 1915-16 figures for Ajmer-Merwara were included in United Provinces figures.

† Prior to 1915-16 Delhi figures were included in the Punjab.

No. 5

of all kinds in British India and Native States
omitted)

1910-11.	1911-12.	1912-13.	1913-14.	1914-15.	1915-16.
800,018	950,461	1,001,865	941,673	926,589	1,201,490
503,225	622,451	642,102	592,865	502,323	771,206
230,742	250,655	270,904	254,174	277,018	332,027
22,710	25,530	30,010	31,747	30,114	30,685
15,548	15,077	20,050	10,361	15,092	14,587
....	....	....	....	....	30,348
39,246	39,607	15,111	15,761	41,612	5,888
1,182	2,063	3,506	3,837	1,613	4,432
....	....	....	....	....	173
42,630	40,370	44,651	51,207	40,363	53,218
61,489	57,191	60,316	70,343	73,514	85,607
1,042,742	1,136,152	1,220,143	1,160,202	1,135,708	1,441,575

1910-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.
1,352,600	1,304,607	1,455,312	1,418,169	1,361,540	1,504,001
863,292	830,507	921,027	870,285	855,888	980,028
369,028	349,429	398,054	417,864	376,436	446,883
46,414	39,056	35,609	40,524	55,147	50,751
27,872	23,843	22,396	17,012	21,644	24,008
35,080	30,115	39,805	44,751	45,702	55,617
5,276	5,786	7,284	7,502	7,798	8,771
1,247	633	568	393	1,046	1,817
2,040	2,573	3,175	7,077	10,207	14,511
63,057	50,776	61,032	60,837	57,017	72,030
105,330	107,363	105,082	118,416	137,783	170,752
1,030,770	1,560,850	1,781,573	1,725,284	1,701,574	1,970,447

shown against Bombay Presidency. The figures of Bombay Island and Ahmedabad are specially

TABLE

Statement showing the Quantity (in

(000's

					1907-08.	1908-09.	1909-10.
British India—							
1 to 10	..	..	..	..	146,009	143,502	128,041
11 to 20	..	..	..	..	325,328	341,170	332,751
21 to 30	..	..	..	..	117,793	120,000	112,522
31 to 40	..	..	..	..	21,710	20,394	15,575
Above 40	..	..	..	..	2,706	4,683	3,564
Wastes	..	..	..	..	226	41	70
Total ..					619,772	629,131	593,424
Native States—							
1 to 10	..	..	..	..	3,184	4,373	0,490
11 to 20	..	..	..	..	15,587	17,586	20,720
21 to 30	..	..	..	..	5,451	5,425	6,604
31 to 40	..	..	..	..	300	300	249
Above 40	..	..	..	..	1	14	35
Wastes	..	..	..	..	....	....	....
Total ..					24,523	27,699	34,158
Grand Total, British India and States—							
1 to 10	..	..	..	..	140,192	147,065	135,431
11 to 20	..	..	..	..	340,916	359,262	353,471
21 to 30	..	..	..	..	123,244	125,425	119,186
31 to 40	..	..	..	..	22,010	20,094	15,825
Above 40	..	..	..	..	2,707	4,697	3,590
Wastes	..	..	..	..	220	41	70
Total ..					638,295	656,830	627,582

No. 6

Pounds) of Yarn Spun in India
(omitted)

1910-11.	1911-12.	1912-13.	1913-14.	1914-15.	1915-16.
111,185	112,108	132,432	125,722	125,603	130,726
316,013	315,135	340,054	339,059	322,113	362,372
123,002	140,452	149,355	150,837	140,454	160,425
17,074	19,040	19,144	18,071	18,109	18,021
1,838	2,103	2,026	2,636	2,218	1,900
395	704	661	670	475	651
570,006	590,842	650,582	641,853	614,057	633,155
4,507	4,072	4,570	5,062	5,500	5,581
19,526	20,890	23,339	21,051	21,213	23,516
8,474	8,880	9,481	10,158	9,786	9,310
360	241	497	741	502	552
3	.....	2	12	19	3
.....
32,021	31,189	37,890	37,021	37,028	39,270
115,752	116,170	137,602	130,781	131,010	145,307
330,130	330,331	369,393	361,000	343,326	386,188
137,466	110,332	158,830	166,005	150,210	160,744
18,035	20,281	19,612	19,712	8,701	18,573
1,841	2,109	2,033	2,609	2,233	1,063
395	704	661	670	475	651
600,027	625,030	688,473	682,777	651,085	722,425

TABLE

					1910-17.	1917-18.	1918-19.
British India—							
1 to 10	..	..	..	..	107,143	98,391	84,663
11 to 20	..	..	..	..	347,767	325,045	292,365
21 to 30	..	..	..	..	161,469	173,794	186,216
31 to 40	..	..	..	..	23,280	23,660	18,583
Above 40	..	..	..	..	4,461	5,748	4,503
Wastes	..	..	..	..	346	223	231
Total ..					644,447	626,801	580,561
Native States—							
1 to 10	..	..	..	..	3,539	2,061	2,657
11 to 20	..	..	..	..	22,166	20,957	22,175
21 to 30	..	..	..	..	10,010	9,574	8,989
31 to 40	..	..	..	..	821	789	606
Above 40	..	..	..	..	116	94	53
Wastes	..	..	..	..	.....	.....	.....
Total ..					36,669	33,776	34,480
Grand Total, British India and States—							
1 to 10	..	..	..	..	110,682	100,452	87,320
11 to 20	..	..	..	..	369,933	346,002	314,541
21 to 30	..	..	..	..	171,488	183,007	189,204
31 to 40	..	..	..	..	24,082	24,389	19,189
Above 40	..	..	..	..	4,577	5,842	4,555
Wastes	..	..	..	..	346	223	231
Total ..					681,107	600,576	615,640

No. 0--contd.

1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.
81,044	81,180	91,251	97,603	80,123	87,505
321,738	331,403	345,887	348,815	299,062	343,306
174,240	188,824	193,350	197,323	108,210	205,347
16,535	14,868	16,707	15,836	10,143	18,774
3,542	2,007	2,304	2,195	3,255	5,500
256	314	472	162	321	330
597,355	621,656	653,011	661,936	570,125	661,102
3,143	2,765	4,816	5,775	4,721	5,291
25,262	25,115	25,595	26,802	28,005	33,019
9,417	10,202	9,822	11,051	13,758	18,465
545	156	194	94	521	593
18	....	26	....	0	14
10	41	20	52	190	247
24,405	38,347	40,452	43,958	47,204	58,228
84,188	83,245	99,067	102,978	81,843	92,706
317,000	359,827	371,452	375,617	327,007	377,015
183,657	199,086	203,162	208,950	181,977	223,612
17,080	15,024	16,900	15,930	10,667	19,308
3,560	2,067	2,389	2,195	3,261	5,822
275	355	192	211	514	678
635,760	660,002	693,463	705,891	617,320	719,390

TABLE
Statement showing the Quantity (in lbs.) of Yarn
 (000's)

Countries.	1907-08.	1908-09.	1909-10.
Bombay Presidency	457,146	400,194	430,484
Bombay Island	353,152	357,646	330,079
Ahmedabad	58,078	64,505	61,316
Madras	30,930	30,038	40,506
Bengal	41,818	30,147	34,410
United Provinces	37,142	38,871	30,801
*Ajmer-Merwara .. .. .	....	....	....
Punjab	12,873	13,205	10,937
†Delhi .. .. .	....	....	....
Central Provinces and Berar	27,858	29,773	30,186
‡Burma .. .. .	....	....	....
Total for British India	613,772	620,886	503,424
Native States	24,523	27,000	34,158
Grand Total	638,295	657,885	627,582

Countries.	1916-17.	1917-18.	1918-19.
Bombay Presidency	482,148	468,072	427,038
Bombay Island	355,899	357,289	306,100
Ahmedabad	80,269	64,866	78,224
Madras	44,187	43,003	42,787
Bengal	28,508	32,882	32,567
United Provinces	44,177	39,473	34,391
*Ajmer-Merwara	2,576	1,317	2,057
Punjab	3,750	3,009	3,929
†Delhi	2,703	3,188	2,981
Central Provinces and Berar	34,338	33,466	34,280
‡Burma .. .. .	....	....	....
Total for British India	644,447	626,801	580,561
Native States	36,660	33,775	34,430
Grand Total	681,107	660,576	615,041

Note.—The figures in black type, i.e., for Bombay Island and Ahmedabad, are included in the intended to illustrate the progress of spinning in these centres.

*Prior to 1915-16 figures for Ajmer-Merwara were included in United Provinces figures.

†Prior to 1915-16 Delhi figures were included in the Punjab.

‡Figures for Burma were available only from 1923-24.

No. 7

of all Counts Spun in various Centres in India
omitted)

1910-11.	1911-12.	1912-13.	1913-14.	1914-15.	1915-16.
421,003	441,521	485,567	470,683	419,650	500,771
320,427	327,641	363,681	355,025	322,153	370,748
60,819	67,685	63,810	68,053	72,488	82,021
41,071	42,838	44,074	44,074	43,032	44,808
38,270	32,625	37,357	33,220	31,709	32,000
30,205	33,487	43,765	44,460	50,281	48,446
....	....	....	....	....	3,551
8,224	6,631	5,339	6,276	6,814	4,740
....	....	....	....	....	2,802
28,314	27,728	33,582	36,533	31,565	37,448
....
570,000	500,842	650,582	641,853	614,057	683,165
32,031	34,189	37,800	37,024	37,028	30,270
609,027	625,030	688,473	682,777	651,085	722,425

1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.
430,800	469,045	492,634	497,352	398,552	474,202
347,719	342,456	348,005	348,009	289,507	327,548
73,544	76,305	85,598	60,083	75,602	92,007
44,346	41,241	44,388	53,425	50,030	54,221
35,220	33,302	33,626	28,038	26,105	25,075
35,181	37,060	40,477	41,470	51,003	56,323
1,965	2,031	2,544	2,352	2,981	3,260
3,350	2,780	3,564	2,718	1,264	1,761
3,287	3,037	2,000	3,804	5,189	6,448
34,188	31,270	32,818	31,877	32,258	38,110
....	....	....	....	843	1,067
597,355	621,656	653,011	661,936	570,125	661,162
38,405	38,347	40,452	43,958	47,204	58,228
635,760	660,003	693,463	705,894	617,329	719,390

figures shown against Bombay Presidency. The figures of Bombay Island and Ahmedabad are specially

TABLE No. 8

THE BOMBAY COTTON MILL INDUSTRY

Year.	Capital including Reserves.	Capital including reserve and debentures.	Block original cost.	Block after deduction of depreciation.	Net Profit* Loss.—
	Rs.	Rs.	Rs.	Rs.	Rs.
1922	30,40,74,086	32,01,24,086	42,04,89,078	20,54,90,301	3,87,51,501
1923	30,00,01,855	33,43,10,788	46,54,05,302	20,52,44,088	--1,30,43,077
1924	30,78,82,484	33,01,35,234	40,70,48,403	31,50,45,505	-2,27,15,893

Year.	Dividends to shareholders.	Depreciation.	Wages including Bonus.	Bonus.	Number of mills.	Agent's commission.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1922	2,04,44,344	1,88,41,180	7,65,20,534	47,50,950	77	....
1923	93,00,407	1,81,82,221	6,40,03,063	....	82	32,04,460
1924	00,84,080	1,83,54,013	6,12,43,050	....	70	17,82,674

TABLE "B"

TOTAL A

Stocks on Hand

(MONTHLY)

From mills submitting returns

Approximation of stocks for all Bombay Mills.

Date of Return	Number of mills submitting returns	Number of bales reported	Sold but delivery not taken	Unsold	Total uncleared	Sold but delivery not taken	Unsold	Total uncleared
1922								
December 31st	47	42,284	31,637	60,608	21,791	44,000	84,000	128,000
1923								
March 31st	54	46,762	26,731	83,328	120,050	46,000	104,500	150,500
May 31st	57	50,046	26,080	106,523	136,000	36,000	124,000	160,000
June 30th	54	48,330	26,026	104,079	130,000	31,500	128,000	159,500
July 31st	55	53,566	29,722	117,639	147,191	53,000	129,000	162,000
August 31st	54	46,700	28,376	111,471	139,047	36,000	141,000	177,000
September 30th	56	45,782	40,176	95,861	134,065	51,000	121,000	172,000
October 31st	54	49,000	37,016	84,705	124,275	44,000	101,000	145,000
November 30th	55	50,154	38,342	71,726	110,068	44,500	84,500	129,000
December 31st	55	51,974	38,748	86,623	110,371	27,000	98,000	125,000

TOTAL F

Stocks on Hand

(YARN)

From mills submitting returns

Approximation of stocks for all Bombay Mills.

Date of Return	Number of mills submitting returns	Number of bales reported	Sold but delivery not taken	Unsold	Total uncleared	Sold but delivery not taken	Unsold	Total uncleared
1922								
December 31st	47	2,012,725	14,646	14,216	28,856	21,400	20,800	42,200
1923								
March 31st	54	2,137,111	20,802	27,565	48,167	28,400	38,000	66,400
May 31st	57	2,354,245	16,392	39,238	55,630	21,000	40,000	70,000
June 30th	54	2,183,836	10,038	34,822	53,860	25,500	47,500	73,000
July 31st	59	2,699,081	10,834	38,319	55,153	19,000	43,000	62,000
August 31st	51	2,147,489	12,147	26,146	38,293	17,000	36,000	53,000
September 30th	50	2,099,475	20,880	19,967	40,843	29,500	28,000	57,500
October 31st	54	2,463,353	10,522	16,407	35,924	23,500	19,500	43,000
November 30th	54	2,371,887	24,381	12,867	37,248	29,000	17,000	46,000
December 31st	50	2,304,683	17,076	24,368	41,453	21,000	29,000	50,000

TABLE 10

TABLE A

(CLOTH.)

Stocks in Bales

From mills submitting returns. Approximation of stocks for all mills in Bombay Island.

Date of Returns.	Number of mills which submitted returns.	Number of looms represented.	Sold but delivery not taken.	Unsold.	Total uncleared.	Sold but delivery not taken.	Unsold.	Total uncleared.
1924								
January 31st ..	55	50,070	24,442	94,505	118,977	30,000	115,000	145,000
February 29th ..	63	56,965	28,342	78,888	107,230	30,000	84,000	114,000
March 31st ..	58	51,436	26,989	53,683	80,672	32,000	63,000	95,000
April 30th ..	53	50,771	27,668	49,563	77,231	33,000	59,000	92,000
May 31st ..	59	52,139	28,366	62,999	91,365	33,000	74,000	107,000
June 30th ..	52	45,710	34,666	47,615	82,281	46,000	63,000	109,000
July 31st ..	67	57,767	47,447	59,483	106,930	50,000	62,000	112,000
August 31st ..	64	56,012	51,340	60,920	112,260	55,000	66,000	121,000
September 30th ..	68	58,394	46,681	67,007	113,688	49,000	70,000	119,000
October 31st ..	60	55,559	41,197	59,405	100,602	45,000	65,000	110,000
November 30th ..	59	56,675	33,328	59,653	82,981	37,000	66,000	103,000
December 31st ..	61	57,879	34,597	70,947	105,544	36,000	75,000	111,000

TABLE B

Stocks in Bales

(YARN.)

From mills submitting returns. Approximation of stocks for all mills in Bombay Island.

Date of Returns.	Number of mills which submitted returns.	Number of spindles represented.	Sold but delivery not taken.	Unsold.	Total uncleared.	Sold but delivery not taken.	Unsold.	Total uncleared.
1924								
January 31st ..	56	2,402,944	16,773	32,121	48,894	21,000	41,000	62,000
February 29th ..	72	2,775,890	12,754	22,435	35,189	14,000	25,000	39,000
March 31st ..	66	2,550,321	9,935	13,597	23,532	12,000	16,000	28,000
April 30th ..	58	2,209,565	6,720	14,861	21,581	9,000	21,000	30,000
May 31st ..	66	2,501,231	9,860	11,700	21,560	12,000	14,000	26,000
June 30th ..	57	2,354,499	9,563	12,885	22,448	12,000	17,000	29,000
July 31st ..	70	2,806,242	10,825	18,974	29,799	12,000	21,000	33,000
August 31st ..	68	2,748,501	13,421	23,006	36,427	15,000	25,000	40,000
September 30th ..	69	2,768,024	8,352	25,309	33,661	9,000	28,000	37,000
October 31st ..	61	2,700,686	11,284	18,951	30,235	13,000	21,000	34,000
November 30th ..	58	2,578,887	10,469	16,307	26,776	12,000	19,000	31,000
December 31st ..	71	2,911,982	10,389	24,163	34,552	11,000	25,000	36,000

TABLE A

TABLE A

TABLE A

(CLOTH)

From Mills submitting Returns

Appropriation of stocks for all Mills in Bombay City and Island.

Date of Return.	Number of Spindles reported.	Spindles taken.	Unsold.	Total un-cleared.	Sold but delivery not taken.	Unsold.	Total un-cleared.
1925							
January 31st	65,215	17,266	70,020	112,480	12,000	85,000	127,000
February 28th	64,000	17,275	70,275	112,000	15,000	80,000	125,000
March 31st	66,450	17,084	68,140	120,000	15,000	105,000	150,000
April 30th	66,000	17,377	70,720	120,000	15,000	105,000	150,000
May 31st	67,300	17,400	70,100	120,000	15,000	105,000	101,000
June 30th	70,117	17,100	70,100	120,000	15,000	105,000	176,000
July 31st	67,100	17,310	70,000	120,000	15,000	105,000	185,000
August 31st	67,100	17,310	70,000	120,000	15,000	105,000	176,000
September 30th	66,500	17,400	70,000	120,000	15,000	105,000	159,000
October 31st	67,000	17,310	70,000	120,000	15,000	105,000	112,000
November 30th	68,000	17,310	70,000	120,000	15,000	105,000	84,500
December 31st	67,000	17,310	70,000	120,000	15,000	105,000	75,000

TABLE B

TABLE B

(YARN.)

From Mills submitting Returns

Appropriation of stocks for all Mills in Bombay City and Island.

Date of Return.	Number of Spindles reported.	Spindles taken.	Unsold.	Total un-cleared.	Sold but delivery not taken.	Unsold.	Total un-cleared.
1925							
January 31st	2,032,087	10,882	21,027	31,909	13,000	28,000	41,000
February 28th	2,065,000	12,831	23,567	36,398	16,000	30,000	46,000
March 31st	2,236,125	22,010	24,443	40,453	23,000	20,000	49,000
April 30th	3,126,415	17,980	30,078	48,058	20,000	33,000	53,000
May 31st	3,177,023	14,520	37,855	52,335	16,000	40,000	56,000
June 30th	3,368,155	13,156	44,015	57,481	13,000	45,000	58,000
July 31st	3,251,945	19,015	38,410	53,574	20,000	36,000	50,000
August 31st	3,149,473	13,112	34,559	46,522	14,000	30,000	50,000
September 30th	3,216,417	13,418	29,949	43,367	14,000	32,000	40,000
October 31st	3,191,319	7,071	21,782	29,453	8,000	23,000	31,000
November 30th	3,206,333	5,110	15,267	20,377	5,000	16,000	21,000
December 31st	3,215,401	7,059	13,060	20,725	8,000	14,000	22,000

TABLE 12

TABLE A

Stocks in Bales

(CLOTH.)

From Mills submitting Returns.

Approximation for all Mills in Bombay
City and Island.

Date of Return.	Number of Looms repre- sented.	Sold but delivery not taken.	Unsold.	Total un- cleared.	Sold but delivery not taken.	Unsold.	Total un- cleared.
1926							
January 31st	67,356	23,904	53,954	77,858	25,000	58,000	83,000
February 28th	66,446	24,576	47,483	72,059	27,000	52,000	79,000
March 31st	69,366	24,528	57,969	82,497	26,000	61,000	87,000
April 30th	68,394	29,531	64,718	94,249	31,000	68,000	99,000
May 31st	70,845	28,237	78,296	106,533	29,000	80,000	109,000
June 30th	72,266	35,644	90,858	126,502	36,000	91,000	127,000

TABLE B

Stocks in Bales

(YARN.)

From Mills submitting Returns.

Approximation for all Mills in Bombay
City and Island.

Date of Return.	Number of Spindles repre- sented.	Sold but delivery not taken.	Unsold.	Total un- cleared.	Sold but delivery not taken.	Unsold.	Total un- cleared.
1926							
January 31st	3,285,665	10,283	16,019	26,302	11,000	17,000	28,000
February 28th	3,184,845	12,058	22,778	34,836	13,000	25,000	38,000
March 31st	3,256,255	11,936	29,897	41,833	13,000	32,000	45,000
April 30th	3,286,847	10,271	37,176	47,447	11,000	39,000	50,000
May 31st	3,387,625	12,591	32,411	45,002	13,000	33,000	46,000
June 30th	3,456,233	17,477	30,296	47,773	18,000	33,000	48,000

TABLE 12

Approximate yarn sales for Bombay Mills in 1-lac two Lakhs of P.A.

Year ending 31st March.	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.	1908.
Production of yarn in Bombay ..	155	158	170	175	177	204	235	322	377
Exports of yarn to foreign countries from Bombay ..	100	107	111	114	145	152	146	128	152
Weight of cloth produced ..	110	107	120	121	133	145	155	153	184
Weight of yarn used in the manufacture of cloth (1) ..	100	95	101	101	110	120	125	120	166
Quantity of Bombay spun yarn put on the Indian Market (1A) ..	45	50	59	61	62	57	41	74	59
Net imports of foreign yarn into India (2) ..	55	47	51	54	53	43	43	12	39

Year ending 31st March.	1907.	1908.	1909.	1910.	1911.	1912.	1913.	1914.	1915.
Production of yarn in Bombay ..	250	257	270	278	272	279	318	270	328
Exports of yarn to foreign countries from Bombay ..	160	147	60	137	78	78	56	38	36
Weight of cloth produced ..	190	214	172	195	186	207	190	194	220
Weight of yarn used in the manufacture of cloth (1) ..	173	192	159	176	167	186	176	175	198
Quantity of Bombay spun yarn put on the Indian Market (1A) ..	17	47	84	51	97	85	110	57	96
Net imports of foreign yarn into India (2) ..	28	18	36	12	47	56	58	43	55

(1) Allowing 15 per cent. for size and 5 per cent. for Waste.

(1A) Is equal to production minus (exports plus yarn used in production of cloth).

(2) Total Imports minus Re-exports.

TABLE 14

Approximate cloth sales by Bombay Mills in India (in Millions of yards)

Year ending 31st March.	1908.	1909.	1910.	1911.	1912.	1913.	1914.	1915.	1916
Production of Bombay mills	472	456	532	563	622	642	592	562	771
Exports of Indian piece-goods from Bombay ..	52	56	69	75	57	60	61	45	84
Mill-made piece-goods sold in India by Bombay Mills (a) ..	420	400	463	488	565	582	531	517	687
Total net imports of foreign piece-goods into India (b) ..	2,468	1,943	2,141	2,241	2,362	2,919	3,099	2,384	2,077

Year ending 31st March.	1917.	1918.	1919.	1920.	1921.	1922.	1923.	1924.	1925.
Production of Bombay mills	830	933	-758	863	837	922	870	856	986
Exports of Indian piece-goods from Bombay ..	214	159	118	161	115	127	121	126	143
Mill-made piece-goods sold in India by Bombay Mills (a) ..	616	774	640	702	722	795	749	730	843
Total net imports of foreign piece-goods into India (b) ..	1,794	1,439	986	975	1,431	1,006	1,503	1,406	1,746

(a) Production *minus* Exports.(b) Imports *minus* Re-exports.

TABLE 15

Approximate yarn sales by All-India Mills (in Millions of lbs.)

Year ending 31st March.	1908.	1909.	1910.	1911.	1912.	1913.	1914.	1915.	1916.
Production of yarn by Indian mills ..	638	657	627	610	625	688	683	652	722
Exports of yarn from India ..	216	233	227	183	151	204	198	134	160
Weight of cloth produced in Indian Mills ..	189	192	229	246	267	285	274	277	352
Weight of yarn used on the manufacture of cloth* ..	170	173	206	221	240	257	247	249	317
Quantity of Indian mill-made yarn put up in the Indian market ..	252	239	194	206	234	217	238	269	245
Net imports of foreign yarn into India†.	36	41	39	32	41	49	43	42	39

Year ending 31st March.	1917.	1918.	1919.	1920.	1921.	1922.	1923.	1924.	1925.
Production of yarn by Indian mills ..	681	661	615	635	660	693	705	617	719
Exports of yarn from India ..	169	122	64	152	83	81	57	39	37
Weight of cloth produced in Indian Mills ..	377	381	350	384	367	403	405	402	459
Weight of yarn used on the manufacture of cloth* ..	339	343	315	346	330	363	365	362	413
Quantity of Indian mill-made yarn put up in the Indian market ..	173	196	236	137	247	249	283	216	269
Net imports of foreign yarn into India† ..	28	18	36	12	47	56	58	43	55

* See footnote (1) of Table 13.

† See footnote (2) of Table 13.

TABLE 16

Approximate cloth sales in India by Indian Mills (in Millions of yards)

Year ending 31st March.	1908.	1909.	1910.	1911.	1912.	1913.	1914.	1915.	1916.
Production of Indian Mills	808	824	964	1,045	1,136	1,220	1,164	1,136	1,441
Exports of Indian piece-goods from India	74	78	94	100	81	86	89	67	113
Indian mill-made piece-goods put on the Indian market..	734	746	870	943	1,055	1,134	1,075	1,069	1,328
Total net imports of foreign piece-goods..	2,460	1,943	2,141	2,240	2,363	2,919	3,098	2,384	2,077

Year ending 31st March.	1917.	1918.	1919.	1920.	1921.	1922.	1923.	1924.	1925.
Production of Indian Mills	1,578	1,614	1,451	1,640	1,381	1,752	1,725	1,701	1,970
Exports of Indian piece-goods from India	244	189	149	196	146	161	157	165	181
Indian mill-made piece-goods put on the Indian market..	1,334	1,425	1,302	1,444	1,435	1,591	1,568	1,536	1,789
Total net imports of foreign piece-goods	1,795	1,438	983	975	1,430	1,006	1,503	1,406	1,746

TABLE 17

For purposes of comparison, the following figures are appended showing the Rates of Exchange on Hongkong and the United States dollar at the end of March in each of the following years.

			Rate of Exchange per 100 U. S.		Exchange on Hongkong.	
			Rs. & p.		Rs.	
1894	84 11 7 1/2	115	1 1/2
1895	84 1/2	115	11 1/2
1896	85 0 11 1/2	116	6 1/2
1897	85 0 1 1/2	117	8 1/2
1898	85 3	117	1 1/2
1899	85 15 12 1/2	119	5 1/2
1900	85 5 7 1/2	117	
1901	85 8 9 1/2	117	11 1/2
1902	87 1 7 1/2	119	8 1/2
1903	87 8 7 1/2	119	
1904	89 10 6	120	8 1/2
1905	87 1	120	11 1/2
1906	89 10 3 1/2	123	11 1/2
1907	85 14 7 1/2	119	1 1/2
1908	86 1 2 1/2	117	10 1/2
1909	87 8 1/2	121	7 1/2
1910	88 10 7 1/2	120	13 1/2
1911	89 13 8 1/2	121	
1912	88 9 7 1/2	118	21 1/2
1913	85 8	123	
1914	87 11 10	122	
1915	89 1	121	
1916	87 12	118	
1917	87 15	125	
1918	100 6	218	
1919	116	215	
1920	111	224	
1921	88 4	188	
1922	90 12	187	
1923	83 1	170	
1924	81 11	171	
1925	72 3	133	

TABLE 18

Average Exchange Rates, Banks Selling Telegraphic Transfers, Month by Month From April 1919 to October 1925.

1919.

Month.	Average Exchange.	Month.	Average Exchange.
April ..	.. 1s. 5 31/32d.	August ..	.. 1s. 8 31/32d.
May ..	.. 1s. 6 31/32d.	September ..	.. 1s. 11/19/64d.
June ..	.. 1s. 7 31/32d.	October ..	.. 2s. 1/32d.
July ..	.. 1s. 7 31/32d.	November ..	.. 2s. 1 1/4d.
		December ..	.. 2s. 3 5/8d.

1920.

January ..	.. 2s. 4 1/4d.	July ..	.. 1s. 10 1/16d.
February ..	.. 2s. 8 3/4d.	August ..	.. 1s. 10 7/16d.
March ..	.. 2s. 5 3/16d.	September ..	.. 1s. 10 1/8d.
April ..	.. 2s. 4d.	October ..	.. 1s. 7 7/8d.
May ..	.. 2s. 2 15/16d.	November ..	.. 1s. 7 5/16d.
June ..	.. 1s. 11 1/4d.	December ..	.. 1s. 5 9/16d.

1921.

January ..	.. 1s. 5 5/16d.	July ..	.. 1s. 3 1/4d.
February ..	.. 1s. 3 29/32d.	August ..	.. 1s. 4 3/16d.
March ..	.. 1s. 3 5/16d.	September ..	.. 1s. 5 47/64d.
April ..	.. 1s. 3 5/8d.	October ..	.. 1s. 4 51/64d.
May ..	.. 1s. 3 5/16d.	November ..	.. 1s. 4 1/8d.
June ..	.. 1s. 3 27/64d.	December ..	.. 1s. 4 1/62d.

1922.

January ..	.. 1s. 3 53/64d.	July ..	.. 1s. 3 21/32d.
February ..	.. 1s. 3 29/64d.	August ..	.. 1s. 3 37/64d.
March ..	.. 1s. 3 9/32d.	September ..	.. 1s. 3 9/16d.
April ..	.. 1s. 3 5/32d.	October ..	.. 1s. 3 5/8d.
May ..	.. 1s. 3 35/64d.	November ..	.. 1s. 3 13/16d.
June ..	.. 1s. 3 35/64d.	December ..	.. 1s. 3 63/64d.

1923.

January ..	.. 1s. 4 37/64d.	July ..	.. 1s. 4 5/64d.
February ..	.. 1s. 4 7/32d.	August ..	.. 1s. 3 63/64d.
March ..	.. 1s. 4 7/64d.	September ..	.. 1s. 4 1/8d.
April ..	.. 1s. 4 1/8d.	October ..	.. 1s. 4 31/64d.
May ..	.. 1s. 4 3/32d.	November ..	.. 1s. 4 59/64d.
June ..	.. 1s. 4 3/32d.	December ..	.. 1s. 5 5/64d.

1924.

January ..	.. 1s. 5 7/64d.	July ..	.. 1s. 5 7/32d.
February ..	.. 1s. 4 53/64d.	August ..	.. 1s. 5 1/4d.
March ..	.. 1s. 4 11/16d.	September ..	.. 1s. 5 31/64d.
April ..	.. 1s. 4 51/64d.	October ..	.. 1s. 6d.
May ..	.. 1s. 4 51/64d.	November ..	.. 1s. 5 27/32d.
June ..	.. 1s. 4 59/64d.	December ..	.. 1s. 6 3/64d.

1925.

January ..	.. 1s. 5 31/32d.	June ..	.. 1s. 6d.
February ..	.. 1s. 5 31/32d.	July ..	.. 1s. 6 5/64d.
March ..	.. 1s. 5 29/32d.	August ..	.. 1s. 6 3/32d.
April ..	.. 1s. 5 27/32d.	September ..	.. 1s. 6 9/64d.
May ..	.. 1s. 5 15/16d.	October ..	.. 1s. 6 5/32d.

TABLE 19A

JAPAN'S COTTON MILLS, CAPITALS, SPINDLES AND LOOMS

Years.	Com- panies.	Mills.	Capital.		Reservo Funds.	
			Authorised.	Paid-up.		
			Yen.	Yen.	Yen.	
1903	..	51	..	38,555,400	34,029,216	5,123,892
1904	..	49	..	37,125,400	33,486,730	6,888,594
1905	..	49	..	40,082,350	33,563,700	9,531,622
1906	..	47	..	45,403,350	38,433,350	15,386,948
1907	..	42	118	90,036,300	57,531,125	20,966,234
1908	..	36	125	85,511,300	58,397,385	22,189,614
1909	..	31	134	75,871,800	64,501,000	22,784,470
1910	..	36	136	94,271,300	67,516,013	24,658,967
1911	..	34	139	89,160,150	64,374,164	24,788,872
1912	..	41	147	105,136,400	72,366,495	28,538,314
1913	..	44	152	113,036,401	86,444,059	33,803,119
1914	..	42	157	109,676,400	85,820,424	36,639,349
1915	..	41	161	110,176,400	86,011,677	38,663,064
1916	..	40	161	137,290,150	99,641,818	48,952,381
1917	..	43	170	162,830,150	115,623,020	70,037,275
1918	..	43	177	192,877,650	138,494,595	92,426,047
1919	..	54	190	221,927,650	165,758,695	139,073,869
1920	..	56	198	394,327,650	276,535,896	165,697,053
1921	..	61	217	429,577,650	295,648,358	182,040,774
1922	..	64	235	462,107,650	317,148,075	202,774,376
1923	..	60	228	463,977,650	323,787,485	211,298,943
1924	..	56	232	512,362,500	349,820,568	212,871,930

Years.	No. of Spindles.			Doubling Spindles.	Looms.	
	Ring.	Mule.	Total.			
1903	..	1,295,086	86,220	1,381,306	126,976	5,043
1904	..	1,260,365	85,220	1,345,585	121,076	5,085
1905	..	1,343,534	83,060	1,426,594	134,840	8,140
1906	..	1,395,013	77,240	1,472,253	136,866	9,601
1907	..	1,492,032	48,420	1,540,452	154,789	9,462
1908	..	1,743,921	51,958	1,795,879	177,860	11,146
1909	..	1,903,854	51,038	1,954,892	227,574	13,813
1910	..	2,044,284	55,480	2,099,764	282,186	17,702
1911	..	2,117,756	53,040	2,170,796	286,410	20,431
1912	..	2,125,000	51,748	2,176,748	317,324	21,898
1913	..	2,365,094	49,405	2,414,499	320,912	24,224
1914	..	2,606,004	51,170	2,657,174	348,766	28,443
1915	..	2,754,124	53,390	2,807,514	355,318	30,068
1916	..	2,825,944	49,960	2,875,904	370,681	31,293
1917	..	3,008,568	51,910	3,060,478	383,438	33,181
1918	..	3,175,768	51,910	3,227,678	384,879	33,391
1919	..	3,435,932	52,330	3,488,262	410,090	41,401
1920	..	3,761,250	52,330	3,813,580	460,190	50,588
1921	..	4,116,616	44,510	4,161,126	528,384	54,994
1922	..	4,472,112	45,500	4,517,612	609,090	64,084
1923	..	4,183,596	44,370	4,227,966	504,091	64,194
1924	..	4,845,082	25,160	4,870,242	610,090	64,094

TABLE 19B

JAPAN'S COTTON YARN PRODUCTION, OPERATIVES AND WAGES

Years.	Average working spindles.	Production of Cotton Yarn.						
		Coarse Yarn.	Medium Yarn.	Fine Yarn.	Doubling.	Gassed.	Total.	
		Bales.	Bales.	Bales.	Bales.	Bales.	Bales.	
1903	..	1,207,966	701,250 ⁵	42,570 ⁵	61 ⁵	37,887 ⁵	19,977 ⁵	801,737 ⁵
1904	..	1,249,086	610,931 ⁵	33,786 ⁰	106 ⁵	32,266 ⁵	18,122 ⁵	693,213 ⁰
1905	..	1,329,404	792,439 ⁰	50,104 ⁰	157 ⁰	42,584 ⁰	20,252 ⁵	905,536 ⁵
1906	..	1,404,714	826,363 ⁰	55,125 ⁰	148 ⁰	43,376 ⁵	20,155 ⁰	945,167 ⁵
1907	..	1,438,020	859,214 ⁵	53,762 ⁰	....	47,377 ⁵	23,127 ⁵	983,481 ⁵
1908	..	1,367,631	738,659 ⁰	51,171 ⁰	....	50,555 ⁵	26,195 ⁰	878,570 ⁵
1909	..	1,569,020	811,778 ⁰	78,975 ⁰	7 ⁰	71,651 ⁰	32,833 ⁵	1,025,241 ⁵
1910	..	1,741,165	961,075 ⁰	63,637 ⁵	1,514 ⁵	74,434 ⁵	30,217 ⁰	1,134,780 ⁵
1911	..	1,781,064	934,713 ⁰	82,739 ⁵	4,627 ⁵	74,536 ⁰	32,651 ⁰	1,129,267 ⁰
1912	..	1,981,191	1,090,172 ⁵	119,893 ⁵	6,722 ⁵	95,683 ⁵	39,737 ⁵	1,352,209 ⁵
1913	..	2,167,926	1,212,001 ⁵	142,409 ⁰	8,666 ⁵	109,996 ⁰	44,609 ⁰	1,517,982 ⁰
1914	..	2,359,801	1,350,850 ⁵	149,193 ⁰	7,760 ⁵	119,790 ⁰	38,252 ⁰	1,661,181 ⁰
1915	..	2,463,376	1,360,259 ⁰	187,761 ⁰	8,096 ⁵	130,536 ⁵	33,611 ⁵	1,720,264 ⁵
1916	..	2,757,200	1,458,617 ⁰	259,640 ⁰	10,153 ⁵	155,423 ⁵	41,485 ⁰	1,925,579 ⁰
1917	..	2,850,637	1,421,075 ⁰	287,259 ⁵	7,730 ⁵	164,850 ⁰	42,023 ⁵	1,923,841 ⁵
1918	..	2,930,495	1,445,723 ⁵	366,868 ⁵	7,427 ⁵	138,280 ⁵	45,560 ⁰	1,893,866 ⁰
1919	..	3,179,568	1,285,026 ⁰	422,067 ⁵	9,202 ⁰	156,542 ⁵	46,144 ⁵	1,920,782 ⁵
1920	..	3,191,752	1,222,525 ⁵	401,868 ⁵	7,477 ⁵	146,562 ⁵	38,542 ⁰	1,816,976 ⁰
1921	..	3,162,353	1,276,000 ⁵	346,148 ⁵	6,109 ⁵	141,136 ⁰	41,265 ⁵	1,811,350 ⁰
1922	..	3,967,263	1,557,052 ⁰	429,484 ⁵	7,167 ⁵	185,761 ⁵	48,780 ⁵	2,228,246 ⁰
1923	..	4,079,855	1,484,703 ⁵	449,274 ⁵	10,175 ⁰	177,472 ⁵	49,525 ⁵	2,171,153 ⁰
1924	..	4,115,692	1,320,984 ⁵	499,037 ⁵	13,497 ⁵	184,539 ⁰	54,757 ⁰	2,072,817 ⁵

TABLE 19B—contd.

JAPAN'S COTTON YARN PRODUCTION, OPERATIVES AND WAGES—contd.

Years.	Average working spindles.	Daily Operatives in average.			Wages in average.	
		Male.	Female.	Total.	Male.	Female.
					Rin.	Rin.
1903	.. 1,297,960	14,295	59,336	73,631	326	206
1904	.. 1,249,086	11,451	50,220	61,671	336	204
1905	.. 1,329,404	12,812	58,634	71,446	346	213
1906	.. 1,404,714	14,496	61,278	75,774	365	228
1907	.. 1,453,920	15,242	64,377	79,619	303	246
1908	.. 1,367,631	15,049	59,154	74,203	410	250
1909	.. 1,569,089	16,844	66,664	83,508	425	267
1910	.. 1,741,168	18,206	75,614	93,820	434	272
1911	.. 1,784,064	17,628	74,868	92,496	450	288
1912	.. 1,984,101	18,421	80,776	99,200	467	305
1913	.. 2,167,926	19,707	88,038	107,745	485	320
1914	.. 2,369,801	22,163	92,251	114,414	491	310
1915	.. 2,463,376	22,674	92,500	115,174	495	322
1916	.. 2,757,209	23,845	97,279	121,124	500	334
1917	.. 2,850,637	25,518	97,648	123,166	545	371
1918	.. 2,936,493	26,799	93,069	121,859	686	476
1919	.. 3,179,568	30,935	101,399	132,334	1,116	870
1920	.. 3,191,753	33,066	109,782	143,748	1,567	1,196
1921	.. 3,162,353	34,904	105,704	140,608	1,463	1,134
1922	.. 3,967,265	41,600	132,442	173,451	1,544	1,243
1923	.. 4,079,855	33,159	121,811	159,970	1,483	1,180
1924	.. 4,115,632	36,015	117,307	153,322	1,524	1,206

TABLE 19C

JAPAN'S COTTON PIECE-GOODS PRODUCTION, OPERATIVES AND WAGES

(Sub-Work by Spinners Only)

Years.	Average Work- ing Looms.	Production of Cotton Piece-goods.	Yarn Consumed.	Daily Operatives in average.			Wages in average.		
				Male.	Female.	Total.	Male.	Fe- male.	
		Yards.	Lbs.				Rin.	Rin.	
1903	..	4,963	76,702,213	20,771,345	657	4,253	4,910	368	235
1904	..	4,801	80,947,348	22,484,284	662	4,776	5,438	368	229
1905	..	6,420	114,908,132	36,454,146	989	6,847	7,836	384	255
1906	..	8,491	137,773,416 (doz.) 32,784	40,702,848	1,248	7,937	9,185	393	259
1907	..	9,245	135,253,029 (doz.) 102,533	44,262,958	1,526	8,727	10,252	430	277
1908	..	9,496	147,443,838	47,676,427	1,484	8,683	10,167	448	294
1909	..	11,585	181,976,972	57,388,586	1,871	11,496	13,367	450	304
1910	..	14,911	226,313,958	71,197,654	2,486	13,604	16,090	459	305
1911	..	17,884	289,039,671	82,498,136	2,656	17,133	19,789	471	325
1912	..	20,208	312,584,684	93,562,721	2,795	18,006	20,801	503	349
1913	..	23,299	416,725,357	111,169,610	3,298	21,956	25,254	530	363
1914	..	24,911	454,901,674	123,863,966	3,569	22,459	26,028	555	379
1915	..	27,687	502,076,621	124,632,631	3,547	22,930	26,477	526	374
1916	..	30,110	560,181,108	136,413,408	3,737	23,245	26,982	524	407
1917	..	31,920	591,619,419	142,770,758	4,333	24,434	28,767	593	445
1918	..	36,365	656,935,420	160,301,569	5,532	29,713	35,245	721	531
1919	..	40,969	739,390,012	179,788,560	7,635	37,040	44,675	1,133	889
1920	..	44,635	762,037,360	189,651,320	8,005	39,048	47,053	1,572	1,174
1921	..	44,109	709,697,985	179,427,501	7,078	32,182	39,260	1,492	1,146
1922	..	51,033	869,327,652	214,327,505	7,857	38,102	45,959	1,557	1,227
1923	..	52,972	1,000,708,890	240,979,976	7,962	40,549	48,511	1,484	1,171
1924	..	56,351	1,030,905,658	241,319,095	8,179	43,056	51,235	1,525	1,174

TABLE 19D

JAPAN'S PRODUCTION AND DOMESTIC USE OF COTTON-YARN

Years.			Cotton Yarn Production.			
			16's	20's	Others.	Total.
			Bales.	Bales.	Fales.	Fales.
1903	..	..	330,667·5	175,843·0	295,227·5	801,738·0
1904	..	..	251,867·0	157,048·0	286,297·5	695,212·5
1905	..	..	309,173·0	209,816·0	386,547·5	905,536·5
1906	..	..	323,664·0	227,628·0	393,873·5	945,165·5
1907	..	..	341,433·0	218,665·0	423,384·5	983,482·5
1908	..	..	224,897·5	209,475·0	444,198·0	878,570·5
1909	..	..	295,802·5	229,763·5	499,678·5	1,025,244·5
1910	..	..	338,175·0	253,412·5	538,193·0	1,134,780·5
1911	..	..	295,065·5	262,293·5	571,903·0	1,129,267·0
1912	..	..	346,844·5	335,821·0	669,544·0	1,352,209·5
1913	..	..	396,645·5	371,522·5	749,814·0	1,517,982·0
1914	..	..	388,992·0	439,672·5	837,516·5	1,666,181·0
1915	..	..	393,027·0	443,040·5	884,197·0	1,720,264·5
1916	..	..	409,053·5	497,291·0	1,019,234·5	1,925,579·0
1917	..	..	359,623·0	528,603·0	1,035,615·5	1,923,841·5
1918	..	..	228,818·5	511,538·0	1,063,509·5	1,803,866·0
1919	..	..	204,436·0	539,748·5	1,176,548·0	1,920,782·5
1920	..	..	196,928·5	191,141·5	1,128,906·0	1,816,976·0
1921	..	..	215,682·5	436,629·5	1,159,038·0	1,811,350·0
1922	..	..	205,489·5	746,731·0	1,276,025·5	2,228,246·0
1923	..	..	170,357·0	680,708·0	1,320,088·0	2,171,153·0
1924	..	..	135,844·0	631,476·0	1,395,497·5	2,072,817·5

Years.			Imports.	Total.	Exports.	Domestic use and Others.
			Bales.	Bales.	Fales.	Bales.
1903	..	..	3,539·0	805,277·0	307,201·0	498,076·0
1904	..	..	1,792·0	697,004·0	257,307·0	439,697·5
1905	..	..	7,450·0	912,086·5	267,383·0	645,603·5
1906	..	..	20,117·0	965,282·5	267,348·0	697,934·5
1907	..	..	5,951·0	939,433·5	226,472·0	762,961·5
1908	..	..	4,552·0	883,122·5	167,842·0	715,280·5
1909	..	..	3,204·0	1,028,448·5	253,878·0	769,570·5
1910	..	..	1,016·0	1,135,796·5	347,633·0	788,163·5
1911	..	..	1,843·0	1,131,110·0	235,009·0	846,101·0
1912	..	..	1,895·0	1,354,104·5	374,933·0	979,171·5
1913	..	..	1,266·0	1,519,248·0	468,736·0	1,050,512·0
1914	..	..	607·0	1,666,788·0	569,990·0	1,096,798·0
1915	..	..	588·0	1,720,852·5	575,891·0	1,144,961·5
1916	..	..	660·0	1,926,239·0	547,147·0	1,379,092·0
1917	..	..	904·0	1,924,745·5	470,852·0	1,453,893·5
1918	..	..	1,083·0	1,804,954·0	421,512·0	1,383,442·0
1919	..	..	8,907·0	1,929,689·5	230,333·0	1,699,356·5
1920	..	..	5,121·0	1,822,097·0	304,925·0	1,517,172·0
1921	..	..	2,579·0	1,813,029·0	292,260·0	1,521,669·0
1922	..	..	3,126·0	2,231,372·0	304,062·0	1,837,310·0
1923	..	..	6,332·0	2,177,485·0	248,321·0	1,929,161·0
1924	..	..	8,972·0	2,081,789·5	270,359·0	1,811,430·5

TABLE
JAPAN'S EXPORTS

Years.	China.		Hongkong.		British India.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
	Piculs.	Yen.	Piculs.	Yen.	Piculs.	Yen.
1903 ..	837,822	28,338,366	53,225	1,891,426	16	731
1904 ..	645,470	24,145,213	68,249	2,698,520	....	....
1905 ..	697,998	28,693,913	22,154	938,570	270	11,268
1906 ..	729,637	32,047,107	18,760	833,767	45	2,155
1907 ..	572,605	25,423,430	23,488	1,084,251	1,189	55,073
1908 ..	402,801	16,360,708	19,533	955,190	123	4,511
1909 ..	708,306	28,898,310	10,166	509,364	45	2,603
1910 ..	904,605	40,224,240	53,858	2,648,659	2,102	207,819
1911 ..	702,973	35,422,564	38,754	2,148,590	5,426	585,083
1912 ..	912,588	45,757,948	87,272	4,547,936	2,966	327,561
1913 ..	1,107,892	60,095,834	102,093	5,746,697	9,774	987,364
1914 ..	1,365,371	64,558,030	198,373	9,167,521	9,431	971,202
1915 ..	1,391,762	55,503,214	195,723	7,964,419	4,694	405,237
1916 ..	1,320,474	63,842,489	151,144	7,642,095	35,233	3,239,314
1917 ..	1,069,727	85,801,331	175,216	13,413,890	27,938	4,132,636
1918 ..	695,066	86,365,503	187,704	23,473,101	238,280	34,998,715
1919 ..	468,783	84,119,074	106,915	18,527,063	14,259	2,980,475
1920 ..	506,132	81,060,949	175,040	28,937,190	142,846	30,252,515
1921 ..	523,751	47,114,017	108,634	15,410,379	111,492	11,991,334
1922 ..	638,585	62,185,072	250,181	23,478,306	204,059	20,666,783
1923 ..	364,703	38,593,001	120,325	11,534,733	176,812	20,511,884
1924 ..	289,609	46,883,714	184,479	22,250,027	242,521	35,354,637

Regarding exportation to Korea

19E

OF COTTON YARN

Philippine Islands.		Korea.		Other Countries.		Total.	
Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
Piculs.	Yen.	Piculs.	Yen.	Piculs.	Yen.	Piculs.	Yen.
3,700	156,953	26,834	1,030,064	11	473	621,604	21,418,512
4,535	220,655	53,521	2,106,897	141	7,164	731,923	29,274,493
6,934	340,360	74,602	3,252,092	193	9,350	922,154	38,246,492
6,831	349,262	46,387	2,052,320	364	18,713	102,644	26,392,376
6,045	336,445	75,219	3,413,464	250	14,016	659,476	26,716,719
7,935	379,319	65,421	2,696,323	7,718	327,853	103,331	27,311,004
4,571	212,082	44,170	1,674,937	9,370	529,474	756,716	31,616,559
10,509	560,928	59,470	2,520,098	12,355	534,754	1,642,005	46,776,344
9,228	614,727	68,483	3,024,536	20,163	1,442,625	853,977	43,237,423
10,876	700,660	63,103	2,933,956	47,983	2,316,641	1,424,799	56,751,792
9,887	670,793	45,710	2,092,139	70,863	3,499,550	1,906,216	72,699,377
14,372	920,719	57,061	2,296,646	65,362	2,938,125	1,509,950	59,631,446
16,889	650,945	80,064	2,793,442	44,545	1,657,192	1,527,657	62,694,449
5,666	452,894	78,410	3,314,641	50,517	2,415,072	1,641,444	59,906,463
9,780	939,778	82,792	5,642,720	47,100	3,801,617	1,412,359	112,754,672
17,054	2,336,321	39,150	4,489,740	87,185	11,126,379	1,264,337	162,759,719
2,078	374,536	48,142	7,404,815	50,834	8,270,934	691,011	121,677,027
7,045	1,586,127	16,604	2,587,874	72,502	10,557,150	913,775	124,884,505
4,253	419,360	..	..	68,653	7,602,912	876,723	51,566,792
8,087	910,275	..	..	79,774	7,482,819	1,182,146	114,623,255
6,802	771,632	..	..	76,322	7,100,711	744,974	74,541,564
5,398	669,935	..	..	80,075	9,852,639	844,082	109,640,932

accurate figures will not be available from September 1920.

TABLE

JAPAN'S EXPORTS OF

Excluding cotton towels, cotton handkerchiefs, blankets and blankings of cotton, knit of cotton crapes,

Year.	China.	Kwantung Province.	Hong-kong.	British India.	Straits Settlement.	Dutch India.	Asia & Russia.
	Yen.	Yen.	Yen.	Yen.	Yen.	Yen.	Yen.
1903	2,953,591	..	1,113,391	56,528	48,551	..	7,111
1904	3,068,399	..	871,816	107,354	54,178	..	1,332
1905	4,606,791	..	1,087,143	45,837	102,537	..	88,732
1906	8,161,351	..	1,395,832	40,588	105,225	..	465,608
1907	4,718,474	2,730,557	1,083,494	45,307	159,002	..	333,033
1908	4,534,201	2,109,976	424,415	43,314	160,202	..	675,849
1909	6,727,632	3,583,566	522,476	54,452	215,372	..	433,268
1910	10,078,043	4,979,575	865,755	81,371	254,769	..	112,803
1911	10,128,091	6,756,739	561,549	111,832	243,699	204,339	183,685
1912	12,717,803	9,169,254	873,183	732,478	249,206	102,544	156,242
1913	18,964,913	9,109,327	1,142,558	1,031,906	274,580	222,543	880,716
1914	26,188,612	3,330,978	1,032,038	1,727,442	212,182	183,400	754,272
1915	27,331,680	3,177,660	913,303	3,703,475	338,209	428,975	905,341
1916	34,783,962	4,024,727	1,453,592	10,560,110	757,424	2,245,502	524,970
1917	84,504,372	8,988,294	2,647,565	15,121,434	1,359,324	5,701,034	1,259,238
1918	88,047,516	20,832,109	3,621,428	55,435,718	3,900,657	17,693,588	17,528,400
1919	143,283,818	44,207,585	3,208,145	29,507,029	2,742,145	24,415,754	18,878,498
1920	130,515,786	26,592,368	9,347,383	67,259,100	6,949,057	60,465,523	702,788
1921	100,987,688	15,356,666	12,306,505	30,465,702	3,841,461	23,571,947	415,341
1922	108,757,681	18,494,039	10,212,743	33,567,331	5,892,104	24,938,051	1,034,905
1923	100,292,315	14,617,373	11,625,461	36,546,108	6,048,085	22,534,624	685,890
1924	137,920,932	15,704,994	10,369,363	46,916,130	4,901,487	37,194,858	654,414

Regarding exportation to Korea accurate figures

TABLE 19G:
Japan's Cotton Consumption

Years.	Indian.		American.	
	lbs.	Bales of 306 kin.	lbs.	Bales of 375 kin.
1903	220,658,684	556,145	66,841,125	133,682
1904	143,476,175	363,675	37,289,983	74,578
1905	215,531,242	538,828	124,278,875	248,558
1906	213,902,308	534,750	119,326,058	238,652
1907	265,737,875	664,345	111,216,468	222,438
1908	236,761,658	576,753	95,674,760	191,349
1909	366,535,475	766,330	165,293,050	210,586
1910	372,868,800	933,692	60,456,568	140,156
1911	297,798,256	744,496	111,540,908	223,082
1912	368,662,933	926,155	214,251,250	428,537
1913	434,685,666	1,086,713	262,441,016	404,881
1914	549,868,658	1,374,672	176,397,933	346,797
1915	559,326,525	1,398,301	269,635,492	418,673
1916	593,978,168	1,484,045	235,615,875	471,233
1917	596,521,680	1,476,363	242,144,925	484,290
1918	453,072,641	1,132,681	280,374,975	560,756
1919	376,648,588	941,621	355,589,221	711,178
1920	482,881,416	1,267,203	316,376,393	620,746
1921	521,998,441	1,305,665	364,763,617	609,597
1922	615,242,183	1,491,844	389,759,225	780,344
1923	652,798,568	1,663,509	296,423,592	592,515
1924	563,969,233	1,467,838	282,197,625	564,300

TABLE 19G—concl'd.

Years.			Korean.		Sundries.		Total.	
			lbs.	Bales of 200 kin.	lbs.	Bales of 300 kin.	lbs.	Bales.
1903	..	..	....	..	6,116,953	15,292	390,243,233	881,673
1904	..	..	....	..	4,452,475	11,103	323,826,008	715,010
1905	..	..	....	..	2,831,175	7,078	423,290,500	943,553
1906	..	..	....	..	4,251,825	10,692	444,273,500	982,581
1907	..	..	....	..	3,645,008	9,113	460,114,658	1,044,545
1908	..	..	....	..	4,166,275	10,415	423,242,941	951,992
1909	..	..	....	..	4,787,692	11,969	489,402,625	1,122,655
1910	..	..	....	..	5,909,009	13,522	543,592,025	1,261,018
1911	..	..	....	..	4,321,184	10,636	539,204,825	1,207,852
1912	..	..	....	..	3,441,058	8,593	636,231,816	1,446,515
1913	..	..	....	..	4,143,503	10,358	712,138,691	1,631,007
1914	..	..	....	..	7,158,842	17,897	783,857,433	1,834,388
1915	..	..	....	..	4,998,742	12,497	807,821,216	1,888,250
1916	..	..	6,744,540	25,289	4,251,590	10,629	895,586,900	2,092,496
1917	..	..	8,194,558	30,730	4,344,303	10,861	905,943,675	2,110,866
1918	..	..	11,790,775	44,215	6,941,733	17,354	853,223,175	1,938,904
1919	..	..	11,454,470	42,954	5,037,182	12,593	897,553,824	1,980,836
1920	..	..	9,412,820	35,293	5,367,604	13,419	852,316,315	1,955,053
1921	..	..	8,744,403	32,792	3,479,358	8,699	860,546,824	1,991,506
1922	..	..	8,354,600	30,196	5,680,941	14,163	1,047,879,775	2,363,730
1923	..	..	12,054,233	45,182	7,929,405	19,808	1,019,702,633	2,405,944
1924	..	..	20,443,692	76,665	5,877,333	14,694	969,013,700	2,238,376

TABLE 19H

Cotton Trade in Japan

Year.	Imports				Exports.
	Raw Cotton.	Cotton Yarn.	Cotton Cloth.	Total.	Cotton Wadding.
	Yen.	Yen.	Yen.	Yen.	Yen.
1901	91,179,145	109,171	11,712,170	91,298,315	225,597
1902	11,431,224	161,790	9,418,190	11,593,014	141,663
1903	21,431,221	2,113,667	14,297,172	37,842,060	620,221
1904	11,431,110	1,624,142	10,417,493	23,472,745	479,215
1905	111,424,000	1,797,364	17,142,671	130,364,035	632,415
1906	10,111,771	2,113,760	17,111,111	29,336,642	735,563
1907	107,111,111	981,111	14,111,111	122,111,111	105,166
1908	111,111,111	144,111	14,111,111	125,366,333	216,470
1909	141,111,111	604,111	11,111,111	152,826,333	264,176
1910	11,111,111	421,111	11,111,111	22,222,222	132,741
1911	114,111,111	111,111	11,111,111	125,333,333	226,663
1912	111,111,111	111,111	11,111,111	122,333,333	153,650
1913	111,111,111	213,111	11,111,111	122,433,333	254,866
1914	111,111,111	111,111	11,111,111	122,333,333	305,566
1915	114,111,111	111,111	11,111,111	125,333,333	315,667
1916	111,111,111	111,111	11,111,111	122,333,333	653,936
1917	116,111,111	111,111	11,111,111	127,333,333	1,074,341
1918	111,111,111	111,111	11,111,111	122,333,333	760,017
1919	111,111,111	111,111	11,111,111	122,333,333	435,163
1920	111,111,111	111,111	11,111,111	122,333,333	701,333
1921	111,111,111	111,111	11,111,111	122,333,333	217,381
1922	111,111,111	111,111	11,111,111	122,333,333	....

TABLE 19H—contd.

Years.	Exports—contd.			Excess of Imports.	Percentage of Cotton and Cotton Goods for the whole foreign trade of Japan.	
	Cotton Yarn.	Cotton Goods.	Total.		Imports.	Exports.
	Yen.	Yen.	Yen.	Yen.	Per cent.	Per cent.
1903	31,418,614	9,160,203	40,814,414	40,710,988	38	13
1904	29,268,450	11,114,836	40,724,955	42,881,915	26	11
1905	33,246,462	15,702,214	49,578,910	82,039,391	26	10
1906	35,303,526	21,687,257	57,470,028	40,093,270	34	14
1907	30,342,914	22,024,083	53,899,842	82,221,712	31	11
1908	20,723,904	19,579,705	41,057,169	69,303,971	29	9
1909	31,656,770	23,161,167	55,413,403	68,763,375	30	14
1910	46,606,510	32,809,729	79,822,709	94,338,820	37	17
1911	43,237,825	36,701,003	80,203,846	82,660,118	31	16
1912	56,634,702	39,864,586	96,752,032	115,522,267	33	17
1913	73,039,677	46,349,980	119,676,320	126,052,961	36	18
1914	80,851,146	55,744,910	136,949,736	89,637,543	36	19
1915	69,004,440	63,671,394	132,960,709	90,880,517	39	17
1916	80,906,495	110,743,884	192,158,945	90,376,972	35	16
1917	113,781,972	175,490,799	289,788,398	40,532,156	31	17
1918	162,789,759	305,673,592	469,099,287	61,547,264	30	22
1919	121,636,927	395,597,639	518,308,907	170,162,049	29	23
1920	154,981,805	396,238,040	557,970,862	196,913,659	31	27
1921	80,568,002	221,045,606	302,048,771	147,931,179	28	12
1922	114,723,255	222,052,119	337,076,707	108,313,805	24	21
1923	78,511,961	259,470,776	338,239,321	186,029,198	26	23
1924	109,610,952	354,937,283	464,548,235	156,013,951	25	25

TABLE 20A

Japan

Year.	Total Spindles excluding doubling Spindles.	Total Looms.	Total production of Yarn in Bales of 400 lbs.	Total production of Piece-goods in Yards.	Exports of Yarn in Bales.
1903*	1,381,306	5,043	801,737·5	76,702,213	307,201
1904	1,346,585	5,085	805,213·0	80,047,348	257,307
1905	1,420,504	8,140	905,530·5	114,008,132	267,383
1906	1,472,253	9,601	945,107·5	137,773,415	267,548
1907	1,540,452	9,462	983,481·5	135,253,029	226,472
1908	1,705,879	11,140	878,570·5	147,443,838	167,842
1909	1,654,802	13,813	1,025,244·5	181,070,072	255,575
1910	2,099,754	17,702	1,134,780·5	226,313,058	347,633
1911	2,170,700	20,431	1,129,207·0	289,039,671	255,009
1912	2,176,748	21,808	1,352,200·5	342,554,654	374,083
1913	2,414,490	24,224	1,517,082·0	416,725,357	468,756
1914	2,657,174	25,443	1,600,181·0	454,901,674	569,920
1915	2,807,514	30,008	1,720,204·5	502,070,621	575,891
1916	2,875,904	31,295	1,925,570·0	560,181,108	547,147
1917	3,060,478	36,181	1,923,841·5	594,649,419	470,652
1918	3,227,678	40,391	1,808,800·0	656,935,420	421,512
1919	3,488,262	44,401	1,920,762·5	739,390,012	230,333
1920	3,513,580	50,588	1,810,970·0	702,037,360	304,925
1921	4,161,120	54,994	1,811,350·0	700,697,985	292,260
1922	4,517,012	60,765	2,228,240·0	869,327,652	394,062
1923	4,197,060	61,421	2,171,153·0	1,000,708,690	248,342
1924	4,870,232	64,225	2,072,817·5	1,030,905,658	270,359

* Year ending 31st December, in all cases.

TABLE 20A—contd.

Year.	Exports of Yarn. Value in Yen.	Exports of Piece-goods. Value in Yen.	Total consumption of raw Cotton in lbs.	Total consumption of Indian Cotton in lbs.	Total con- sumption of American Cotton in lbs.
1903*	31,418,613	6,874,947	390,243,233	220,058,054	66,841,125
1904	29,268,465	7,743,431	325,820,008	145,470,175	37,289,083
1905	33,246,462	11,492,054	423,290,500	215,531,242	124,278,675
1906	35,303,526	15,617,942	444,273,500	213,902,368	119,326,058
1907	30,346,719	16,344,097	460,114,658	265,737,875	111,216,408
1908	20,723,904	14,611,374	423,242,941	230,701,058	95,674,700
1909	31,650,770	17,672,986	459,402,625	306,535,475	105,293,050
1910	46,606,511	20,462,535	543,592,025	372,803,600	69,456,508
1911	43,237,825	28,684,721	539,204,825	297,798,250	111,540,908
1912	56,634,702	36,953,493	630,231,816	368,062,933	214,251,250
1913	73,089,677	43,015,623	712,138,691	434,685,666	202,441,016
1914	80,851,146	43,403,410	783,857,433	548,868,658	170,397,933
1915	69,004,449	48,494,382	807,821,216	559,320,525	209,035,492
1916	80,006,495	73,173,460	895,586,900	593,978,108	235,615,875
1917	113,781,972	148,103,352	905,943,675	590,521,080	242,144,925
1918	162,789,759	268,640,465	853,228,175	453,072,641	280,374,975
1919	121,036,927	351,105,333	897,553,824	376,648,588	355,589,221
1920	154,981,605	352,173,295	852,316,315	482,881,416	310,370,599
1921	80,568,002	203,073,379	860,546,824	521,893,441	304,763,617
1922	114,723,255	222,052,119	1,047,879,775	615,242,463	389,759,225
1923	78,511,961	234,227,485	1,019,702,633	652,798,508	296,423,592
1924	109,610,952	326,597,484	969,013,700	563,969,233	282,197,025

* Year ending 31st December, in all cases.

TABLE 20B—contd.

Year.	Exports of Yarn in Bales of 400 lbs. each.	Exports of Yarn Value in Rupees.	Total exports of Piece-goods from India in Yards.	Total exports of Piece-goods from India. Value in Rupees.	Total con- sumption of raw Cotton by Mills in lbs.
	31st March.	31st March.	31st March.	31st March.	30th June.
1903	621,346	85,400,344	69,534,540	13,275,431	687,821,220
1904	631,168	88,415,431	75,815,129	14,830,434	633,948,272
1905	619,636	93,156,814	87,456,469	16,514,451	736,663,648
1906	744,035	123,876,874	91,974,962	18,658,721	793,218,272
1907	698,792	103,965,321	76,698,937	16,536,606	776,226,640
1908	538,939	89,730,375	74,127,955	16,374,760	780,668,600
1909	593,672	96,605,305	77,938,964	17,036,385	826,723,000
1910	568,411	97,090,890	94,137,558	20,415,555	758,527,920
1911	458,562	86,240,400	99,788,315	22,038,925	747,099,472
1912	378,722	75,901,455	81,429,410	10,666,260	803,639,984
1913	509,903	99,168,450	36,512,812	20,875,850	821,638,272
					31st August.
1914	494,945	98,323,095	89,233,716	21,368,745	840,105,392
1915	334,048	62,804,805	67,194,430	15,877,335	823,231,744
1916	400,570	69,228,660	113,465,214	24,669,364	861,503,456
1917	422,450	79,490,895	263,845,251	47,512,345	861,680,298
1918	304,494	75,647,115	189,449,666	55,382,430	810,585,776
1919	159,464	72,233,235	149,088,495	64,525,905	801,338,160
1920	379,675	182,592,330	196,554,975	87,361,540	755,308,656
1921	206,338	101,715,350	146,364,793	75,063,030	831,130,160
1922	202,593	77,145,689	160,966,778	74,805,384	856,087,680
1923	142,153	54,776,098	150,951,235	70,335,411	843,465,616
1924	96,328	36,621,966	165,328,567	66,310,945	751,757,216

TABLE 20C
COMPARATIVE TABLE
India, China and Japan

Year.	Yarn exports to China including Hongkong from Japan in lbs.	Yarn exports to China including Hongkong from India in lbs.	Yarn exports from Japan to India in lbs. •	Piece-goods exports from Japan to India. Value in Yen. †	Piece-goods exports from Japan to China. Value in Yen. †	Piece-goods exports from India to China including Hongkong. Quantity in Yards. †	Piece-goods exports from India to China including Hongkong. Value in Rupees. †
1903	118,806,266	232,412,098	2,133	56,528	2,083,591	2,609,416	333,400
1904	95,163,733	235,561,880	..	107,351	3,068,399	1,118,091	162,162
1905	96,020,266	229,107,529	32,606	45,857	4,606,791	10,312,734	1,566,427
1906	99,788,033	282,095,892	6,000	40,588	8,161,351	13,300,860	1,090,121
1907	79,479,666	223,423,508	158,535	45,397	4,718,174	1,400,985	226,278
1908	50,511,100	169,312,291	16,460	43,314	4,531,201	1,545,493	220,410
1909	95,756,26	208,017,448	6,000	51,152	6,727,632	4,400,910	631,320
1910	127,759,966	269,296,956	2,602,669	81,371	10,078,013	5,095,096	841,035
1911	98,595,933	158,879,789	727,466	111,432	10,128,091	2,279,693	323,505
1912	133,312,666	159,296,816	335,466	732,178	12,717,303	529,810	92,625
1913	69,331,333	183,318,329	1,293,866	1,631,996	18,961,913	1,277,635	203,520
1914	208,499,201	177,566,588	1,257,466	1,727,112	26,188,612	970,559	158,470
1915	211,661,666	116,671,082	625,866	3,703,475	27,331,680	177,174	32,490
1916	199,215,733	139,969,879	4,697,733	10,369,119	31,583,962	498,555	56,210
1917	169,932,400	113,705,310	3,725,966	15,121,351	81,801,372	304,269	41,280
1918	177,714,666	102,188,390	31,770,666	55,135,718	88,017,510	113,004	28,020
1919	76,759,773	48,890,650	1,991,200	29,507,920	113,282,813	21,952	2,470
1920	91,027,966	126,559,966	19,951,800	67,289,109	130,515,786	635,163	294,690
1921	92,318,000	63,423,517	14,865,600	30,465,791	100,987,683	148,168	78,810
1922	118,502,133	61,981,616	27,327,866	23,567,336	108,757,681	24,870	19,638
1923	64,670,100	41,059,562	23,574,033	36,540,103	100,292,315	40,866	19,734
1924	63,211,755	29,731,010	32,336,133	16,916,136	137,020,952	58,333	31,904

* These figures do not exactly tally with the figures of Imports into India as published by the Government of India, but it should be remembered that they are for years ending 31st December whereas the Government of India figures are for years ending 31st March.

† Excludes Cotton Towels, Handkerchiefs and Cotton Blankets.

TABLE 21

Statement of Profits made by Japanese Mills

(in thousands of yen)

		Paid-up Capital.	Profit.	Percentage of Profit.	Reserve.	Divi- dend.	Percentage of Divi- dend.	Carry forward.
Dai-Nippon	1st half 1924	52,000	7,160	27.5	1,000	5,183	20.0	6,709
	2nd " 1924	52,000	8,550	32.9	1,000	5,200	20.0	8,189
	1st " 1925	52,000	8,534	32.8	1,000	5,200	20.0	9,215
Fugi Gas	1st half 1924	27,950	2,873	20.5	200	1,677	12.0	1,425
	2nd " 1924	33,656	3,677	21.9	300	1,807	12.0	1,761
	1st " 1925	33,092	3,801	22.0	311	2,040	12.0	1,980
Toyo	1st half 1924	31,850	5,297	33.3	1,000	3,981	25.0	5,302
	2nd " 1924	31,850	6,800	42.7	1,000	3,921	25.0	5,452
	1st " 1925	31,840	7,622	47.0	1,000	3,981	25.0	5,878
Kanegafuchi	1st half 1924	28,596	6,864	66.0	500	4,906	48.0	10,666
	2nd " 1924	28,596	0,066	63.4	500	5,433	38.0	11,489
	1st " 1925	28,596	5,020	63.1	500	5,433	38.0	11,786
Godo	1st half 1924	14,063	2,204	31.3	500	1,406	20.0	5,063
	2nd " 1924	14,063	2,539	36.1	500	1,406	20.0	5,159
	1st " 1925	14,063	2,671	38.0	500	1,406	20.0	5,277
Kurashiki	1st half 1924	12,322	1,410	26.4	100	1,067	20.0	1,282
	2nd " 1924	12,350	1,600	25.0	100	1,235	20.0	1,301
	1st " 1925	12,350	1,631	26.4	100	1,235	20.0	1,348
Nishin	1st half 1924	10,857	1,186	24.6	100	770	16.0	167
	2nd " 1924	12,149	1,630	26.8	100	966	16.0	282
	1st " 1925	10,125	1,937	24.6	100	1,122	16.0	398
Nikka	1st half 1924	8,800	440	12.0	40	365	10.0	321
	2nd " 1924	8,800	528	12.0	40	440	10.0	240
	1st " 1925	8,800	551	12.1	40	440	10.0	261
Fukushima	1st half 1924	5,600	1,300	40.4	100	896	32.0	3,529
	2nd " 1924	5,600	1,450	52.1	100	896	32.0	3,584
	1st " 1925	5,600	1,600	57.1	100	896	32.0	3,675
Hinode	1st half 1924	5,250	350	13.5	25	315	12.0	550
	2nd " 1924	5,250	355	13.5	20	315	12.0	561
	1st " 1925	5,250	471	17.6	30	315	12.0	576
Idzumi	1st half 1924	3,750	280	15.2	50	325	12.0	505
	2nd " 1924	3,750	422	22.5	50	325	12.0	553
	1st " 1925	4,500	408	18.1	50	247	12.0	614

Profit includes depreciation of fixed Capital.

Note.—The reserves in the above table are the actual reserves inclusive of reserves for the first half year term and carry forwards, also those carried forward to the present term, so that they are different from the figures as they stood at the end of the first half year period.

Note.—The above figures relate to 11 Japanese Mill Companies representing in all 4,074,240 spindles and 41,812 looms and as the total number of spindles and looms in Japan is about 5,110,000 and 64,000 respectively, the profits given represent 79½ of the total spindles and 65 per cent. of the total looms.

TABLE 22

Comparative statement of wages per month (excluding annual bonus) showing the level of wages as compared with 1910=100.

	Standard Muster 1st April 1910	Standard Muster 1st April 1913.	Standard Muster 1st Jan- uary 1918 including 15 per cent.	Standard Muster 1st Jan- uary 1919 including 35 per cent.	Standard Muster 1st Feb- ruary 1920 including 55 per cent. and 75 per cent.	Standard Muster 1st Nov- ember 1920 including 70 per cent. and 80 per cent.	Standard Muster 1st May 1921 including 70 per cent. and 80 per cent.	Standard Muster 1st April 1923 including 70 per cent. and 80 per cent.
How Room Tenters ..	100	117	144	160	191	212	212	242
Card Room Tenters ..	100	128	167	191	222	211	204	303
Speed Frame Tenters ..	100	100	133	154	201	210	210	210
Ring Frame Side boys ..	101	115	154	181	208	229	229	229
Winders ..	100	100	116	131	151	170	170	170
Weavers ..	100	100	125	145	189	191	217	217

TABLE 23

Statement showing the average percentage of increase in the cost of living in Bombay taking 100 to represent the level in July 1924.

	Per cent.
1919 ..	75
1920 ..	83
1921 ..	73
1922 ..	64
1923 ..	54
1924 ..	57
1925 ..	55
1926 ..	*54

*Average for four months

TABLE 24

Statement showing actual prices paid for Stores from 1914

Years.	Oil Spindle per gallon.	Oil Shafting per gallon.	Oil Loom per gallon.	Roving Bobbins per gross.	Slabbing Bobbins per gross.	Shuttles per doz.	China Clay per ton.	Farina per ton.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1914	..0 1 6	0 2 1	0 1 8½	0 19 1	0 30 6	0 14 6	3 13 6	13 6 6
1915	..0 1 6	0 2 1	0 1 8½	0 22 10	0 37 9	0 14 6	4 17 6	32 0 0
1916	..0 1 9	0 2 4	0 1 11½	0 23 10	0 38 1	0 15 6	5 18 0	34 0 0
1917	..0 2 9	0 3 0	0 2 9	0 32 4	0 51 10	0 24 9	6 16 0	
1918	..0 5 0	0 5 9	0 5 0	0 51 0	0 75 0	0 34 0	7 15 6	
1919	..3 3 8½	0 4 5½	0 3 8½	0 57 9	0 92 0	0 50 6	8 18 0	57 0 0
1920	..3 3 8½	0 4 5½	0 3 8½	0 63 0	0 100 6	0 54 6	10 7 6	42 10 0
1921	..0 5 8½	0 6 3½	0 5 8½	0 82 3	0 132 0	0 78 0	7 15 0	32 10 0
1922	..0 3 6½	0 4 0½	0 3 7½	0 59 9	0 95 3	0 46 9	6 5 0	20 10 6
1923	..0 3 2½	0 3 8	0 3 3½	0 46 3	0 73 9	0 47 0	5 16 0	22 7 6
1924	..0 3 3½	0 3 9½	0 3 4½	0 42 9	0 63 0	0 49 0	5 16 0	22 7 6
1925	..0 3 3½	0 3 9½	0 3 4½	0 42 9	0 63 0	0 49 0	5 10 0	22 16 9
1926	..0 3 0½	0 3 0½	0 3 1½	0 40 9	0 65 0	0 46 3	5 2 6	17 15 0

Years.	Magnesium Chloride per ton.	Strapping 1" per lb.	Strapping 2" per lb.	Strapping 3½" per lb.	Cardiff Coal per ton.	Bengal Coal per ton.	Natal Coal per ton.	Liquid Fuel per ton.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1914	..3 12 6	0 2 9	0 3 2	0 4 0	27 8 0	20 12 0		
1915	..9 10 0	0 3 10	0 4 6	0 5 3	27 8 0	18 2 0		
1916	..	0 4 8	0 5 3	0 6 2	27 8 0	19 14 0		
1917	..11 4 3	0 4 8	0 5 3	0 6 2		22 2 0		
1918	..	0 5 6	0 6 9	0 8 0		21 0 3		
1919	..	0 7 6	0 8 9	0 10 0		26 1 3		
1920	..	0 10 6	0 2 11	0 6 6		34 1 0		
1921	..	0 9 3	0 2 11	0 6 6	42 9 0	27 8 0	35 4 0	
1922	..7 15 0	0 8 0	0 2 2	0 5 5	42 8 0		31 8 0	
1923	..4 10 0	0 7 6	0 2 0	0 4 9	37 0 0		30 0 0	
1924	..5 0 0	0 7 0	0 1 7	0 4 6				53 10 6
1925	..4 2 6	0 7 0	0 1 7	0 4 6				45 0 0
1926	..5 16 6	0 7 0	0 1 7	0 4 6				44 14 0

Prices for strapping of 2" and 3½" after 1920 are given per foot from 1920.

TABLE 25.

Statement showing amount of Municipal taxes paid by Bombay City Mills during the following years

Year.	General Tax.	HalabHole Tax.	Water Tax by Meter.	Total.
	At 9½ per cent.	At 3 per cent.	At annas 4 per 1,000 gallons.	
	Rs. s. p.	Rs. s. p.	Rs. s. p.	Rs. s. p.
1914-15	3,522,452 10 5	1,025,539 4 10	3,075,826 0 0	7,423,816 5 3
	At 9½ per cent.	At 3 per cent.	At annas 7½ per 1,000 gallons.	
1918-19	5,555,472 13 2	1,68,761 11 0	4,72,671 5 11	11,96,907 12 1
	At 9½ per cent.	At 3 per cent.	At annas 7½ per 1,000 gallons.	
1921-22	5,995,543 4 5	1,52,145 7 0	5,01,962 14 7	12,53,621 10 0
	At 11½ per cent.	At 3 per cent.	At annas 12 per 1,000 gallons.	
1922-23	7,32,997 6 4	1,91,198 6 5	6,96,680 14 2	16,20,816 10 11
	At 11½ per cent.	At 3 per cent.	At annas 12 per 1,000 gallons.	
1923-24	10,33,287 7 0	2,48,678 5 0	8,65,881 8 0	20,67,817 1 0
	At 11½ per cent.	At 3 per cent.	At annas 12 per 1,000 gallons.	
1924-25	9,62,886 15 0	2,52,128 8 0	7,61,826 6 0	19,76,881 15 0
	.....	.....	At annas 16 per 1,000 gallons.	
1925-26	.....	.....	7,55,952 0 0	21,30,833 0 0

TABLE 26

Statement showing the variation in prices of Standard Longcloth and 20s. yarn from month to month since 1908.

Year.	Month.	Average price of Longcloth per lb. in annas.	Average price of 20s. yarn in annas.
1908	January	9 $\frac{1}{4}$	6 $\frac{3}{8}$
	February	9 $\frac{1}{2}$	6 $\frac{1}{4}$
	March	9 $\frac{1}{2}$	6 $\frac{1}{4}$
	April ..	9 $\frac{1}{2}$	6 $\frac{1}{4}$
	May ..	9 $\frac{1}{2}$	6 $\frac{1}{4}$
	June ..	9 $\frac{1}{2}$	6 $\frac{1}{4}$
	July ..	9 $\frac{1}{2}$	6 $\frac{1}{4}$
	August	9 $\frac{1}{2}$	6 $\frac{1}{4}$
	September	9 $\frac{1}{2}$	6 5/16
	October	9 $\frac{1}{2}$	6 $\frac{1}{4}$
	November	9 $\frac{1}{4}$	6 5/16
	December	9 $\frac{1}{4}$	6 $\frac{3}{8}$
1909	Not available.		6 3/16
1910	January	9 $\frac{3}{4}$	7 $\frac{2}{8}$
	February	9 $\frac{3}{4}$	7 $\frac{3}{8}$
	March	9 $\frac{3}{4}$	7 $\frac{3}{4}$
	April ..	9 $\frac{7}{8}$	8 1/16
	May ..	10 $\frac{1}{8}$	7 $\frac{7}{8}$
	June ..	10 $\frac{1}{8}$	8
	July ..	10	7 $\frac{5}{8}$
	August	10	7 $\frac{1}{2}$
	September	10	7 $\frac{3}{4}$
	October	10	7 $\frac{3}{4}$
	November	10	8 1/16
	December	10 $\frac{1}{4}$	8 $\frac{3}{4}$
1911	Not available.		
1912	January	10 $\frac{1}{4}$	7 $\frac{3}{4}$
	February	10 $\frac{1}{4}$	7 $\frac{5}{8}$
	March	10 $\frac{1}{2}$	8
	April ..	10 13/16	8 $\frac{1}{8}$
	May ..	11	8 3/16
	June ..	11	8 $\frac{1}{4}$
	July ..	11	8 $\frac{1}{4}$
	August	11	8 $\frac{1}{4}$
	September	11	8 $\frac{1}{4}$
	October	11	8 1/16
	November	11	8 $\frac{1}{4}$
	December	11	8 $\frac{1}{2}$
1913	Not available.		
1914	January	10	7 $\frac{3}{4}$
	February	10	7 $\frac{1}{2}$
	March	10	7 $\frac{5}{8}$
	April ..	9 $\frac{1}{2}$	7 $\frac{1}{4}$
	May ..	9 $\frac{1}{2}$	7 $\frac{1}{4}$
	June ..	9 $\frac{1}{2}$	7 5/16
	July ..	9 $\frac{1}{2}$	7 $\frac{1}{4}$
	August	9 $\frac{1}{2}$	6 $\frac{7}{8}$

TABLE 28—contd.

Year.	Month.	Average price of Longcloth per lb. in annas.	Average price of 20s yarn in annas.
1915	September	9 $\frac{1}{2}$	5 7/7
	October	9 $\frac{1}{2}$	5 $\frac{1}{2}$
	November	8 $\frac{3}{4}$	5 3/16
	December	8 $\frac{1}{2}$	5 $\frac{1}{2}$
	January	8 $\frac{1}{2}$	5 $\frac{3}{4}$
	February	8 $\frac{1}{2}$	6 $\frac{3}{4}$
	March	8 $\frac{3}{4}$	5 7/16
	April ..	9	5 2
	May ..	9 $\frac{1}{2}$	5 7
	June ..	9 $\frac{1}{2}$	5 $\frac{3}{4}$
	July ..	9	5 $\frac{3}{4}$
	August	8 $\frac{3}{4}$	5 $\frac{7}{8}$
1916	September	9	6
	October	9 $\frac{1}{2}$	7
	November	10	6 $\frac{1}{2}$
	December	10	6 $\frac{3}{4}$
	January	10 $\frac{1}{2}$	7 3/16
	February	10 $\frac{1}{2}$	7 3/16
	March	10 $\frac{1}{2}$	7 $\frac{1}{2}$
	April ..	10 $\frac{1}{2}$	7 $\frac{1}{2}$
	May ..	10 $\frac{3}{4}$	7 $\frac{3}{8}$
	June ..	11	7 $\frac{1}{2}$
	July ..	11 $\frac{1}{2}$	7 $\frac{3}{4}$
	August	12 $\frac{1}{2}$	8 2
1917	September	13	9
	October	12 $\frac{3}{4}$	9 $\frac{1}{2}$
	November	13	9 15/16
	December	15	10 $\frac{3}{4}$
	January	14 $\frac{1}{2}$	10 $\frac{3}{8}$
	February	13 $\frac{3}{4}$	10 $\frac{1}{4}$
	March	14 $\frac{1}{2}$	10 $\frac{3}{4}$
	April ..	14 $\frac{3}{4}$	11
	May ..	14 $\frac{1}{2}$	10 $\frac{3}{4}$
	June ..	15 $\frac{1}{2}$	12
	July ..	17	15
	August	18	15
1918	September	18	13 $\frac{7}{8}$
	October	20 $\frac{1}{2}$	14 $\frac{1}{2}$
	November	23	14 $\frac{7}{8}$
	December	26	17 $\frac{3}{8}$
	January	25	18 $\frac{1}{2}$
	February	25	19 $\frac{1}{8}$
	March	26 $\frac{1}{4}$	20 $\frac{1}{4}$
	April ..	27 $\frac{1}{2}$	19 $\frac{3}{4}$
	May ..	27 $\frac{1}{2}$	19
	June ..	28 $\frac{1}{4}$	19 $\frac{1}{4}$
	July ..	31	22 $\frac{1}{4}$
	August	30	26
	September	37 $\frac{3}{4}$	26 $\frac{1}{2}$
	October	32 $\frac{1}{2}$	21 $\frac{7}{8}$
	November	25 $\frac{1}{2}$	17 $\frac{7}{8}$
	December	24 $\frac{3}{4}$	18 $\frac{7}{8}$

TABLE 26—contd.

Year.	Month.	Average price of Longcloth per lb. in annas.	Average price of 20s yarn in annas.
1919	January	29	19 $\frac{3}{8}$
	February	27 $\frac{1}{2}$	18 $\frac{5}{8}$
	March	24 $\frac{1}{2}$	17 $\frac{7}{8}$
	April ..	24	18
	May ..	25	19 $\frac{2}{8}$
	June ..	26 $\frac{1}{8}$	21
	July ..	27 $\frac{1}{2}$	22 $\frac{7}{8}$
	August	27 $\frac{1}{2}$	22
	September	24 $\frac{1}{8}$	20 $\frac{5}{8}$
	October	25	23 $\frac{1}{8}$
	November	26 $\frac{3}{4}$	25 $\frac{3}{8}$
	December	29	25 $\frac{3}{4}$
1920	January	31	26 $\frac{7}{8}$
	February	29 $\frac{1}{4}$	26 $\frac{3}{8}$
	March	30	26
	April ..	30 $\frac{1}{4}$	25 $\frac{3}{8}$
	May ..	29	23 $\frac{1}{4}$
	June ..	29 $\frac{1}{4}$	23 $\frac{1}{4}$
	July ..	31	24 $\frac{3}{4}$
	August	30 $\frac{1}{2}$	24 15/16
	September	30 $\frac{1}{2}$	23 $\frac{3}{4}$
	October	29	21 $\frac{7}{8}$
	November	29	22 $\frac{1}{2}$
	December	28 $\frac{3}{4}$	20
1921	January	27 $\frac{3}{4}$	17 $\frac{3}{8}$
	February	25	15 $\frac{1}{8}$
	March	23 $\frac{3}{4}$	13 $\frac{5}{8}$
	April ..	24 $\frac{1}{4}$	14 $\frac{3}{4}$
	May ..	25 $\frac{1}{4}$	16 $\frac{3}{8}$
	June ..	25 $\frac{3}{4}$	16 $\frac{3}{8}$
	July ..	26	17 $\frac{3}{8}$
	August	26 $\frac{1}{2}$	17 $\frac{3}{8}$
	September	27	18 $\frac{3}{8}$
	October	28 $\frac{1}{2}$	19 $\frac{3}{8}$
	November	27 $\frac{3}{4}$	18 $\frac{1}{8}$
	December	26 $\frac{1}{2}$	19 $\frac{7}{8}$
1922	January	26	18 1/16
	February	24 $\frac{3}{4}$	17
	March	26 $\frac{1}{4}$	17 $\frac{1}{8}$
	April ..	26	16 $\frac{3}{4}$
	May ..	26 $\frac{1}{4}$	17 $\frac{1}{2}$
	June ..	27	17 $\frac{1}{2}$
	July ..	27 $\frac{1}{2}$	17 $\frac{3}{8}$
	August	27 $\frac{1}{4}$	17 1/16
	September	24 $\frac{1}{2}$	16 $\frac{3}{4}$
	October	23 $\frac{3}{8}$	16 5/16
	November	23	16 $\frac{3}{8}$
	December	22 $\frac{1}{4}$	15 $\frac{1}{2}$
1923	January	22 $\frac{1}{2}$	15 11/16
	February	23	15 $\frac{1}{4}$
	March	22 $\frac{1}{2}$	15 $\frac{3}{4}$
	April ..	21 $\frac{1}{2}$	15 $\frac{3}{8}$

TABLE 26—concl'd.

Year.	Month.			Average price of Longcloth per lb. in annas.	Average price of 20s. yarn in annas.
1924	May ..	20 $\frac{3}{4}$	15 $\frac{1}{8}$
			June ..	20	15
			July ..	20	15 $\frac{1}{8}$
			August ..	20	14 $\frac{3}{8}$
			September ..	20 $\frac{1}{4}$	15 7/16
			October ..	21	15 11/16
			November ..	23	17 $\frac{1}{8}$
			December ..	22 $\frac{1}{4}$	16 $\frac{1}{2}$
			January ..	22 $\frac{3}{4}$	16 $\frac{6}{8}$
			February ..	23 $\frac{1}{4}$	17 7/16
			March ..	23 $\frac{1}{8}$	17
			April ..	23 $\frac{1}{2}$	17 $\frac{3}{8}$
1925	May ..	23 $\frac{1}{4}$	17 $\frac{1}{2}$
			June ..	23	17 $\frac{1}{2}$
			July ..	23	17 $\frac{3}{8}$
			August ..	23 $\frac{1}{4}$	17 $\frac{1}{2}$
			September ..	22 $\frac{3}{4}$	17 5/16
			October ..	22 $\frac{1}{2}$	17 $\frac{3}{8}$
			November ..	21 $\frac{1}{2}$	17 $\frac{1}{2}$
			December ..	21 $\frac{1}{4}$	16 7/16
			January ..	20 $\frac{3}{4}$	15 $\frac{5}{8}$
			February ..	20 $\frac{3}{4}$	14 13/16
			March ..	20 $\frac{1}{2}$	14 11/12
			April ..	20 $\frac{1}{2}$	14 11/16
1926	May ..	20	13 11/16
			June ..	19 $\frac{1}{4}$	13 $\frac{1}{2}$
			July ..	18 $\frac{1}{2}$	13 $\frac{1}{2}$
			August ..	18 $\frac{1}{4}$	13 $\frac{1}{8}$
			September ..	18	13 $\frac{1}{8}$
			October ..	19	13 $\frac{7}{8}$
			November ..	18 $\frac{1}{2}$	13 $\frac{1}{2}$
			December ..	17 $\frac{1}{2}$	12 $\frac{3}{8}$
			January ..	17 $\frac{1}{2}$	12 $\frac{1}{4}$
			February ..	17 $\frac{1}{4}$	12 $\frac{1}{2}$
			March ..	17 $\frac{1}{8}$	12 $\frac{1}{4}$
			April ..	18	11 $\frac{1}{2}$
			May ..	17 $\frac{1}{2}$	10 $\frac{3}{4}$
			June ..	17	10 $\frac{1}{4}$

TABLE 27

Statement showing the variation in prices of cotton from year to year

Year.				Cotton, Raw Broach (Bombay) per candy of 784 lbs.	Percentage of increase or decrease as compared with 1873.
				Rs. a. p.	
1861 ..	..	..	..	139 0 0	55
1862 ..	..	..	..	205 8 0	81
1863 ..	..	..	..	367 8 0	144
1864 ..	..	..	..	585 0 0	229
1865 ..	..	..	..	342 8 0	134
1866 ..	..	..	..	408 12 0	160
1867 ..	..	..	..	270 0 0	106
1868 ..	..	..	..	190 8 0	75
1869 ..	..	..	..	244 0 0	96
1870 ..	..	..	..	302 0 0	118
1871 ..	..	..	..	200 0 0	78
1872 ..	..	..	..	243 0 0	95
1873 ..	..	..	..	255 0 0	100
1874 ..	..	..	..	210 0 0	82
1875 ..	..	..	..	204 8 0	80
1876 ..	..	..	..	190 8 0	75
1877 ..	..	..	..	209 12 0	82
1878 ..	..	..	..	206 4 0	81
1879 ..	..	..	..	220 12 0	86
1880 ..	..	..	..	251 0 0	98
1881 ..	..	..	..	243 0 0	95
1882 ..	..	..	..	229 0 0	90
1883 ..	..	..	..	197 4 0	77
1884 ..	..	..	..	216 0 0	85
1885 ..	..	..	..	229 0 0	90
1886 ..	..	..	..	214 12 0	84
1887 ..	..	..	..	217 0 0	85
1888 ..	..	..	..	243 0 0	95
1889 ..	..	..	..	234 8 0	92
1890 ..	..	..	..	233 8 0	91
1891 ..	..	..	..	215 0 0	84
1892 ..	..	..	..	191 0 0	75
1893 ..	..	..	..	239 0 0	93
1894 ..	..	..	..	215 0 0	84
1895 ..	..	..	..	202 8 0	79
1896 ..	..	..	..	217 4 0	85
1897 ..	..	..	..	196 0 0	77
1898 ..	..	..	..	175 0 0	68
1899 ..	..	..	..	150 8 0	59
1900 ..	..	..	..	219 0 0	85
1901 ..	..	..	..	215 0 0	84
1902 ..	..	..	..	212 0 0	83
1903 ..	..	..	..	207 4 0	81
1904 ..	..	..	..	248 0 0	97
1905 ..	..	..	..	215 8 0	85
1906 ..	..	..	..	252 0 0	99
1907 ..	..	..	..	248 12 0	98
1908 ..	..	..	..	246 8 0	97
1909 ..	..	..	..	242 0 0	95
1910 ..	..	..	..	303 0 0	110
1911 ..	..	..	..	342 0 0	134
1912 ..	..	..	..	283 0 0	111
1913 ..	..	..	..	299 0 0	117
1914 ..	..	..	..	233 0 0	91
1915 ..	..	..	..	246 0 0	96

TABLE 27—contd.

Year.				Cotton, Raw Broach (Bombay) per candy of 784 lbs.	Percentage of increase or decrease as compared with 1873.
				Rs. a. p.	
1916	..	..	..	320 0 0	125
1917	..	..	..	443 0 0	174
1918	..	..	..	717 0 0	281
1919	..	..	..	536 0 0	210
1920	..	..	..	460 0 0	180
1921	..	..	..	342 0 0	134
1922	..	..	..	479 0 0	188
1923	..	..	..	510 0 0	200
1924	..	..	..	560 0 0	219
1925	January	..	..	455 0 0	178
	February	..	..	462 0 0	181
	March	..	..	481 0 0	188
	April	..	..	463 0 0	181
	May	..	..	446 0 0	175
	June	..	..	449 0 0	176
	July	..	..	379 0 0	148
	August	..	..	458 0 0	179
	September	..	..	425 0 0	167
	October	..	..	415 0 0	162
	November	..	..	389 0 0	151
	December	..	..	365 0 0	143
1926	January	..	..	359 0 0	141
	February	..	..	357 0 0	140
	March	..	..	354 0 0	139
	April	..	..	341 0 0	133
	May	..	..	336 0 0	131
	June	..	..	343 0 0	134

TABLE 28

Rates of Freight from Bombay for Yarn and Piece-goods

Port.				Rate of freight.		
				Rs. a.		
Aden ..	..	..	..	22	8	per ton of 40 C.ft.
Mombasa	..	..	..	25	0	"
Zanzibar	..	..	..	25	0	"
Natal ..	..	..	..	36	0	"
Durban	..	..	..	59	0	"
Capetown	..	..	..	S 20	0	"
Portsaid	..	..	..	25	0	"
Basrah ..	..	..	..	22	8	"
Singapore	..	..	..	22	8	"
Hongkong	..	..	..	22	8	"
Shanghai	..	..	..	27	8	"
Levant Ports via Portsaid.—						
				S. d.		
Jaffa, Beyrouth, Rhodes, Alexandretta Chios	..	..	..	37	6	"
Piræus, Smyrna, Motylone, Dardanelles and Constan-	..	..	..	35	0	"
tinople	..	..	..	42	6	"
Famagosta, Larnaca, and Limassol	..	..	..	Rs. a.		
Port Sudan via Aden	..	..	..	33	8	"
Osaka ..	for cotton	..	..	Yen. 3·16 per bale.		

